# Jewish Social Service Agency and Affiliates

## Consolidated Financial Statements and Independent Auditor's Report

June 30, 2020 and 2019

CohnReznick
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**Jewish Social Service Agency and Affiliates**

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Independent Auditor's Report on Consolidated Financial Statements

To the Board of Directors
Jewish Social Service Agency and Affiliates
Rockville, Maryland

We have audited the accompanying consolidated financial statements of Jewish Social Service Agency and Affiliates (collectively, "JSSA"), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

*Management's Responsibility for the Consolidated Financial Statements*

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

*Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jewish Social Service Agency and Affiliates as of June 30, 2020 and 2019, and the change in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Emphasis of Matter - Change in Accounting Principle*

As discussed in Note 1 to the consolidated financial statements, during the year ended June 30, 2020, JSSA adopted the provisions of Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"). Our opinion is not modified with respect to this matter.

CohnReznick LLP

Bethesda, Maryland
December 10, 2020

**Jewish Social Service Agency and Affiliates**

**Consolidated Statements of Financial Position**
**June 30, 2020 and 2019**

Assets

| | 2020 | 2019 |
|---|---|---|
| Current assets | | |
| Cash and cash equivalents | $ 7,704,178 | $ 1,689,629 |
| Investments, short-term | 1,615,060 | 1,861,525 |
| Contributions and grants receivable | 788,339 | 3,028,627 |
| Accounts and grants receivable, net of allowance for doubtful accounts of $20,220 in 2020 and $16,616 in 2019 | 2,410,931 | 2,245,064 |
| Pledges receivable, net of allowance for doubtful accounts of $6,250 in 2020 and $5,000 in 2019 | 180,250 | 168,500 |
| Prepaid expenses | 439,650 | 227,629 |
| Total current assets | 13,138,408 | 9,220,974 |
| Investments, long-term | 41,408,517 | 41,879,632 |
| Property and equipment, net | 14,220,844 | 14,521,303 |
| Long-term pledges receivable, net of allowance for doubtful accounts of $21,808 in 2020 and $48,259 in 2019 | 350,655 | 285,792 |
| Deposits | 16,240 | 16,723 |
| Deferred compensation assets | 648,728 | 635,110 |
| | $ 69,783,392 | $ 66,559,534 |

Liabilities and Net Assets

| | 2020 | 2019 |
|---|---|---|
| Current liabilities | | |
| Accounts payable, accrued expenses and other liabilities | $ 2,572,375 | $ 1,984,000 |
| Refundable advances | 1,420,206 | 46,339 |
| Total current liabilities | 3,992,581 | 2,030,339 |
| Line of credit | 6,409,750 | 7,206,399 |
| Loans payable | 3,893,112 | - |
| Deferred rent | 117,486 | 111,304 |
| Deferred compensation obligations | 648,728 | 635,110 |
| Total liabilities | 15,061,657 | 9,983,152 |
| Net assets | | |
| Without donor restrictions | | |
| Undesignated | 11,376,186 | 12,522,590 |
| Board designated endowment fund | 11,711,865 | 11,531,509 |
| Reserve fund | 1,036,254 | 1,034,413 |
| Total without donor restrictions | 24,124,305 | 25,088,512 |
| With donor restrictions | 30,597,430 | 31,487,870 |
| Total net assets | 54,721,735 | 56,576,382 |
| | $ 69,783,392 | $ 66,559,534 |

See Notes to Consolidated Financial Statements.

## Jewish Social Service Agency and Affiliates

### Consolidated Statement of Activities and Change in Net Assets
### Year Ended June 30, 2020

| | Without donor restrictions | With donor restrictions | Total |
|---|---|---|---|
| Revenue and support | | | |
| Private and foundation grants | $ 622,600 | $ 413,994 | $ 1,036,594 |
| State, county and governmental entity grants | 216,009 | 7,609,800 | 7,825,809 |
| Federation grants | 55,392 | 272,181 | 327,573 |
| Contributions, bequests and gifts | 2,273,852 | 1,183,153 | 3,457,005 |
| Net program service fees | 20,994,232 | - | 20,994,232 |
| Investment income | 367,299 | 894,573 | 1,261,872 |
| Other revenue | 16,857 | - | 16,857 |
| Special events revenue, net of expenses of $34,893 | (24,959) | - | (24,959) |
| Net assets released from restrictions | 11,264,141 | (11,264,141) | - |
| Total revenue and support | 35,785,423 | (890,440) | 34,894,983 |
| Expenses | | | |
| Program services | | | |
| Mental health & community based services | 7,746,284 | - | 7,746,284 |
| Senior services | 1,636,605 | - | 1,636,605 |
| Holocaust survivors | 5,662,311 | - | 5,662,311 |
| Hospice services | 11,386,320 | - | 11,386,320 |
| Specialized employment | 1,301,973 | - | 1,301,973 |
| Homecare | 4,468,644 | - | 4,468,644 |
| Other programs | 284,685 | - | 284,685 |
| Total program services | 32,486,822 | - | 32,486,822 |
| Supporting services | | | |
| Management and administrative | 3,202,347 | - | 3,202,347 |
| Fundraising | 1,060,461 | - | 1,060,461 |
| Total supporting services | 4,262,808 | - | 4,262,808 |
| Total expenses | 36,749,630 | - | 36,749,630 |
| Change in net assets | (964,207) | (890,440) | (1,854,647) |
| Net assets, beginning of year | 25,088,512 | 31,487,870 | 56,576,382 |
| Net assets, end of year | $ 24,124,305 | $ 30,597,430 | $ 54,721,735 |

See Notes to Consolidated Financial Statements.

**Jewish Social Service Agency and Affiliates**

**Consolidated Statement of Activities and Change in Net Assets**
**Year Ended June 30, 2019**

| | Without donor restrictions | With donor restrictions | Total |
|---|---|---|---|
| Revenue and support | | | |
| Private and foundation grants | $ 2,074,871 | $ 371,760 | $ 2,446,631 |
| State, county and governmental entity grants | 5,658,125 | 437,343 | 6,095,468 |
| Federation grants | 52,149 | 949,830 | 1,001,979 |
| Contributions, bequests and gifts | 219,869 | 2,627,809 | 2,847,678 |
| Net program service fees | 18,040,188 | - | 18,040,188 |
| Investment income | 624,591 | 1,522,015 | 2,146,606 |
| Other revenue | 34,750 | - | 34,750 |
| Special events revenue, net of expenses of $21,381 | 22,305 | - | 22,305 |
| Net assets released from restrictions | 5,868,838 | (5,868,838) | - |
| Total revenue and support | 32,595,686 | 39,919 | 32,635,605 |
| Expenses | | | |
| Program services | | | |
| Mental health & community based services | 6,281,748 | - | 6,281,748 |
| Senior services | 1,357,167 | - | 1,357,167 |
| Holocaust survivors | 4,661,248 | - | 4,661,248 |
| Hospice services | 9,579,693 | - | 9,579,693 |
| Specialized employment | 1,190,896 | - | 1,190,896 |
| Homecare | 3,493,731 | - | 3,493,731 |
| Other programs | 358,327 | - | 358,327 |
| Total program services | 26,922,810 | - | 26,922,810 |
| Supporting services | | | |
| Management and administrative | 3,192,969 | - | 3,192,969 |
| Fundraising | 919,944 | - | 919,944 |
| Total supporting services | 4,112,913 | - | 4,112,913 |
| Total expenses | 31,035,723 | - | 31,035,723 |
| Change in net assets | 1,559,963 | 39,919 | 1,599,882 |
| Net assets, beginning of year | 23,528,549 | 31,447,951 | 54,976,500 |
| Net assets, end of year | $ 25,088,512 | $ 31,487,870 | $ 56,576,382 |

See Notes to Consolidated Financial Statements.

# Jewish Social Service Agency and Affiliates

## Consolidated Statement of Functional Expenses
## Year Ended June 30, 2020

| | Program services | | | | | | | | Supporting services | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Mental health & community based services | Senior services | Holocaust survivors | Hospice services | Specialized employment | Homecare | Other programs | Total program | Management and general | Fundraising | Total |
| Expenses | | | | | | | | | | | |
| Salaries, taxes and benefits | $ 5,754,542 | $ 939,133 | $ 1,027,014 | $ 8,129,369 | $ 1,106,112 | $ 3,857,419 | $ 112,539 | $ 20,926,128 | $ 1,979,648 | $ 715,559 | $ 23,621,335 |
| Health, medical and nutritional supports to clients | 591,333 | 393,439 | 4,170,965 | 1,883,003 | 18 | 41,871 | 7,164 | 7,087,793 | - | - | 7,087,793 |
| Other direct costs | 7,055 | 35,866 | 13,342 | 6,139 | 1,765 | 76,869 | 22,493 | 163,529 | - | - | 163,529 |
| Financial assistance | 1,855 | 49,283 | 239,825 | - | - | - | 109,739 | 400,702 | - | - | 400,702 |
| Occupancy | 486,211 | 49,081 | 36,231 | 270,296 | 97,425 | 65,010 | 4,453 | 1,008,707 | 133,826 | 18,083 | 1,160,616 |
| Technology and professional services | 470,358 | 62,793 | 67,062 | 482,602 | 13,920 | 149,750 | 16,195 | 1,262,680 | 539,163 | 235,145 | 2,036,988 |
| Depreciation and amortization | 292,827 | 37,023 | 42,145 | 220,398 | 39,314 | 46,307 | 8,737 | 686,751 | 128,890 | 23,369 | 839,010 |
| Other expenses | 142,103 | 69,987 | 65,727 | 394,513 | 43,419 | 231,418 | 3,365 | 950,532 | 420,820 | 68,305 | 1,439,657 |
| Total expenses | $ 7,746,284 | $ 1,636,605 | $ 5,662,311 | $ 11,386,320 | $ 1,301,973 | $ 4,468,644 | $ 284,685 | $ 32,486,822 | $ 3,202,347 | $ 1,060,461 | $ 36,749,630 |

See Notes to Consolidated Financial Statements.

## Jewish Social Service Agency and Affiliates

## Consolidated Statement of Functional Expenses
## Year Ended June 30, 2019

| | Program services | | | | | | | | Supporting services | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Mental health & community based services | Senior services | Holocaust survivors | Hospice services | Specialized employment | Homecare | Other programs | Total program | Management and general | Fundraising | Total |
| Expenses | | | | | | | | | | | |
| Salaries, taxes and benefits | $ 4,667,079 | $ 756,287 | $ 891,610 | $ 6,929,857 | $ 921,255 | $ 2,986,394 | $ 205,358 | $ 17,357,840 | $ 1,807,536 | $ 586,792 | $ 19,752,168 |
| Health, medical and nutritional supports to clients | 289,647 | 362,658 | 3,322,108 | 1,432,866 | - | 48,668 | 9,800 | 5,465,747 | - | - | 5,465,747 |
| Other direct costs | 30,875 | 19,881 | 22,883 | 12,018 | 2,963 | 30,236 | 24,382 | 143,238 | 101,953 | 3,656 | 248,847 |
| Financial assistance | 8,970 | 25,524 | 220,264 | - | - | - | 78,169 | 332,927 | - | - | 332,927 |
| Occupancy | 439,233 | 40,189 | 33,383 | 216,055 | 98,899 | 54,431 | 7,153 | 889,343 | 138,290 | 14,430 | 1,042,063 |
| Technology and professional services | 394,892 | 36,076 | 61,390 | 396,815 | 55,736 | 155,137 | 9,850 | 1,109,896 | 488,356 | 223,734 | 1,821,986 |
| Depreciation and amortization | 257,373 | 31,752 | 40,627 | 230,932 | 59,182 | 48,961 | 10,125 | 678,952 | 109,350 | 22,770 | 811,072 |
| Other expenses | 193,679 | 84,800 | 68,983 | 361,150 | 52,861 | 169,904 | 13,490 | 944,867 | 547,484 | 68,562 | 1,560,913 |
| Total expenses | $ 6,281,748 | $ 1,357,167 | $ 4,661,248 | $ 9,579,693 | $ 1,190,896 | $ 3,493,731 | $ 358,327 | $ 26,922,810 | $ 3,192,969 | $ 919,944 | $ 31,035,723 |

See Notes to Consolidated Financial Statements.

## Jewish Social Service Agency and Affiliates

## Consolidated Statements of Cash Flows
## Years Ended June 30, 2020 and 2019

| | 2020 | 2019 |
|---|---|---|
| Cash flows from operating activities | | |
| Change in net assets | $ (1,854,647) | $ 1,599,882 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities | | |
| Depreciation and amortization | 839,010 | 811,072 |
| Donated investments | (50,000) | (55,000) |
| Realized gain on investments | (656,652) | (320,485) |
| Unrealized (gain) loss on investments | 204,940 | (1,067,245) |
| Bad debt expense | 77,812 | 58,816 |
| (Increase) Decrease in discount on pledges receivable | (29,912) | 9,791 |
| Endowment contributions | (398,061) | (328,161) |
| Contributions and grants received for long-term purposes | (70,000) | (1,968,106) |
| Changes in | | |
| Contributions and grants receivable | 2,106,288 | (188,232) |
| Accounts and grants receivable | (268,880) | (144,549) |
| Pledges receivable | (248,000) | (19,582) |
| Prepaid expenses | (212,021) | (15,079) |
| Deposits | 483 | - |
| Deferred compensation assets | (13,618) | (61,722) |
| Accounts payable, accrued expenses and other liabilities | 588,375 | (138,130) |
| Deferred compensation obligations | 13,618 | 61,722 |
| Deferred rent | 6,182 | 10,708 |
| Refundable advances | 1,373,867 | 46,339 |
| Net cash provided by (used in) operating activities | 1,408,784 | (1,707,961) |
| Cash flows from investing activities | | |
| Proceeds from sale of investments | 9,492,480 | 3,639,114 |
| Purchases of investments | (8,273,188) | (3,724,081) |
| Purchases of property and equipment | (538,551) | (708,890) |
| Net cash provided by (used in) investing activities | 680,741 | (793,857) |
| Cash flows from financing activities | | |
| Collection of endowment contributions | 548,061 | 428,161 |
| Collection of contributions and grants received for long-term purposes | 280,500 | 3,730,606 |
| Proceeds from loans payable | 3,893,112 | - |
| Payments on line of credit | (796,649) | (2,280,000) |
| Net cash provided by financing activities | 3,925,024 | 1,878,767 |
| Net increase (decrease) in cash and cash equivalents | 6,014,549 | (623,051) |
| Cash and cash equivalents, beginning of year | 1,689,629 | 2,312,680 |
| Cash and cash equivalents, end of year | $ 7,704,178 | $ 1,689,629 |
| Supplementary disclosure of cash flow information | | |
| Cash paid for interest | $ 195,754 | $ 332,385 |

See Notes to Consolidated Financial Statements.

## Note 1 - Organizations and summary of significant accounting policies

### Organizations and nature of activities

Jewish Social Service Agency ("JSSA") is a private nonprofit organization serving Maryland, Northern Virginia and the District of Columbia. Revenues and support are derived principally from program service fees, health insurance reimbursement, the Jewish Federation of Greater Washington, contributions, investment income, foundation grants and government grants. JSSA is a health and social wellness agency that provides individuals, couples and families with counseling and therapy, hospice care, in-home support, care coordination, and disability employment services. JSSA strives to provide expert clinical and social wellness services to anyone in the community that is facing some of life's challenges and needs our support. JSSA is a nonprofit organization incorporated in 1933 under the laws of the District of Columbia.

Premier Homecare, Inc. ("Premier"), a private nonprofit provider of non-medical private-duty home support services, began operations in May 2000 and serves Montgomery County, Maryland. JSSA is the sole sponsor of Premier, which allows it to exercise control over the Premier Board of Directors. In the event of dissolution of Premier, its net assets would be distributed to JSSA. JSSA provides human resource, accounting, billing and IT services to Premier and charges a management fee. The fee is calculated based on Premier's pro rata share of JSSA's total cost of the expenses associated with management services, not to exceed 80% of Premier's net income. JSSA has the right to waive all or part of the management fee for periods where Premier's net income and/or net assets are negative. There was no management fee charged for the years ended June 30, 2020 and 2019, was $0. Premier paid $29,487 and $28,324 to JSSA for rental of office space for the years ended June 30, 2020 and 2019, respectively. Additionally, JSSA made contributions to Premier of $30,985 and $49,068 for the years ended June 30, 2020 and 2019, respectively. These amounts are eliminated on the consolidated statements of activities and change in net assets. Premier is a nonprofit organization incorporated in 2000 under the laws of the State of Maryland. Premier also provides home care aide services on a contractual basis to certain JSSA patients.

JSSA purchased Route 28 Associates, LLC (the "LLC") in March 2006. The LLC owns land in Rockville, Maryland, on which JSSA built the Ina Kay headquarters building. JSSA owns 100% of the membership interests in the LLC.

### Principles of consolidation

The consolidated financial statements include the accounts of JSSA, Premier and the LLC (collectively, "JSSA"). All significant intercompany accounts and transactions between the organizations have been eliminated.

### Basis of accounting

The consolidated financial statements have been prepared on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when the obligations are incurred.

### Cash and cash equivalents

Cash and cash equivalents consist of cash in operating and money market bank accounts, cash on hand and highly-liquid investments with original maturities of 90 days or less.

## Investments

Investments, except for State of Israel bonds, are recorded at fair value on the consolidated statements of financial position based on quoted market prices if actively traded, or net asset values ("NAVs") provided by investment managers. Money market funds held in investment accounts with investment institutions are classified as investments on the consolidated statements of financial position. State of Israel bonds are recorded at face value because these bonds are typically held to maturity and do not have readily determinable fair values. Investment income is included on the consolidated statements of activities and change in net assets as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. Investments are exposed to various risks, such as fluctuations in market value and credit risk. It is reasonably possible that changes in risks in the near term could result in a change in fair value of the investment balances and amounts reported in the accompanying consolidated financial statements, which could be material.

Donated securities are recorded at fair value as of the date of the contribution and are converted to cash nearly immediately upon receipt and reported as cash flows from operating activities. Donated State of Israel bonds are held to maturity and are redeemed at cost plus accrued interest. See Note 11 for discussion of fair value measurements.

Short-term investments are those funds expected to provide sufficient cash to meet the short-term financial obligations of JSSA in a timely manner. The long-term investments purpose is to provide an endowment to fund activities designed to carry out the vision, mission and values of JSSA. JSSA has separate investment accounts for short-term and long-term investments. Management intends to hold long-term investments for more than one year.

Investments in alternative strategies consist of hedge funds, including funds domiciled outside of the United States, which are reported at NAVs. The funds may contain lockup provisions and redemption restrictions. NAV per share is calculated based on measurement of all the underlying investments in the funds in accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Topic 946 on investment companies. The funds are managed by various investment managers employing a variety of strategies to achieve investment objectives. Investment objectives are consistent with JSSA's Investment Policy Statement.

## Accounts and grants receivable

Accounts and grants receivable include JSSA's hospice and counseling charges for accounts due from Medicare, Medicaid, CareFirst (Blue Cross and Blue Shield of the National Capital Area and Blue Cross of Maryland), other commercial insurers and self-paying clients. Deducted from accounts receivable are estimates of uncollectible accounts relating to self-paying clients and allowances for the excess of charges over the interim and final payments received or to be received from third-party payers that pay less than full charges. Accounts and grants receivable also consist of amounts due from outside sources related to grant revenues earned and not yet received. Management records an allowance for doubtful accounts based on a review of the estimated collectability relating to the specific accounts, plus a general provision based on historical loss experience and existing economic conditions. Uncollectible amounts are charged off against the allowance for doubtful accounts once management determines an account, or a portion thereof, to be uncollectible. Bad debt expense was $77,812 and $58,816 for the years ended June 30, 2020 and 2019, respectively.

**Revenue recognition**

Program service fees from hospice, mental health and social services are reported at estimated net realizable amounts from clients, third-party payers and others for services rendered. Contractual allowances for the excess of charges over anticipated patient or third-party payer payments were $7,527,249 and $3,881,761 for the years ended June 30, 2020 and 2019, respectively, and are included in the determination of program service fees as reported on the consolidated statements of activities and change in net assets. JSSA provides care without charge or at amounts less than established rates to patients who meet certain criteria under JSSA's charity care policies. JSSA estimates the value of the charity care provided was $103,592 and $286,617 for the years ended June 30, 2020 and 2019, respectively. Charity care expenses offset the net program service fee revenue on the consolidated statements of activities and change in net assets, which results in no charity care being included on the consolidated statements of activities and change in net assets.

Unconditional contributions, private and foundation grants, state, county and governmental entity grants, and unconditional promises to give are measured at their fair value on the date of donation and are reported as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. JSSA records conditional grants receivable and related revenue after JSSA overcomes a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return. Any funding received prior to overcoming the barrier is recognized as a refundable advance. At June 30, 2020 and 2019, JSSA had refundable advances of $1,420,206 and $46,339, respectively related to conditional grants. JSSA has executed conditional grants totaling approximately $3,188,000 that have not been recognized at June 30, 2020. Uncollectible amounts are charged off against the allowance for doubtful accounts once management determines an account or a portion thereof to be uncollectible. As of June 30, 2020 and 2019, management deemed all grants receivable to be collectible and, as such, no allowance for doubtful accounts has been provided for in these consolidated financial statements.

JSSA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the consolidated statements of activities and change in net assets as net assets released from restrictions.

Federation grants from the Jewish Federation of Greater Washington include a core allocation that is recognized as an unconditional contribution measured at fair value on the date of donation and reported as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Additionally, the Jewish Federation of Greater Washington provides JSSA with grants that are recognized as contributions receivable and Federation grant revenue when the related expenses are incurred.

JSSA reports gifts of goods and equipment at fair value as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, JSSA reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Donated services, goods and facilities**

Donated services, goods and facilities are recorded as revenue and support and expenses at their fair value when received and have been presented on the consolidated statements of activities and change in net assets as contributions without donor restrictions and expensed in the appropriate functional expense category. For the years ended June 30, 2020 and 2019, JSSA recognized $226,553 and $104,077, respectively, worth of donations for services rendered. These donated services required specialized skills which would typically need to be purchased if not donated.

A substantial number of volunteers have donated their time to support JSSA's program services and fundraising campaigns during the year; however, no amounts have been recognized on the accompanying consolidated statements of activities and change in net assets for this time, as it does not create or enhance financial assets or require specialized skills.

Materials and other assets received as donations are recorded and reflected on the accompanying consolidated financial statements at their fair values at the date of receipt. There were no such donations received for the years ended June 30, 2020 and 2019.

**Property and equipment**

JSSA records its property and equipment at cost, or, if donated, at fair value at the date of donation. Depreciation and amortization are recorded on the straight-line basis over the estimated useful lives of the assets, which range from three to 40 years. JSSA capitalizes property and equipment greater than $1,000, and an estimated useful life of greater than one year. Depreciation and amortization expense totaled $839,010 and $811,072 for the years ended June 30, 2020 and 2019, respectively.

**Concentration of revenue**

A substantial amount of JSSA's revenue is received from Medicare as part of JSSA's net program service fees. Approximately 37% of JSSA's total revenue, excluding investment income, was received from Medicare for both of the years ended June 30, 2020 and 2019.

**Income taxes**

JSSA and Premier are exempt from payment of income taxes on their exempt-purpose activities under Section 501(c)(3). JSSA and Premier are not classified as private foundations. As a single-member LLC, the Route 28 Associates, LLC is treated as a disregarded entity for income tax purposes and consolidated into JSSA's tax filings.

JSSA and Premier believe that they have appropriate support for any tax positions taken, and, as such, do not have any uncertain tax positions that are material to the consolidated financial statements. JSSA and Premier recognize penalties and interest related to income taxes on uncertain tax positions in accounts payable, accrued expenses and other liabilities on the consolidated statements of financial position and management and administrative expenses on the consolidated statements of activities and change in net assets. For the year ended June 30, 2019, JSSA paid income tax expense related to qualified transportation fringe benefits of approximately $300 as a result of the Tax Cuts and Jobs Act. In December 2019, the passing of the Further Consolidated Appropriations Act repealed the taxation of qualified transportation fringe benefits. JSSA did not have any unrelated business income for the year ended June 30, 2020. Tax years prior to 2016 for JSSA and Premier are no longer subject to examination by the IRS or the state tax jurisdictions of Maryland, Virginia and the District of Columbia.

### Functional allocation of expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis on the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services that benefited from such costs. Salaries and benefits are allocated based upon the amount of time spent on each functional activity. Depreciation and amortization expense is allocated based on square footage of JSSA offices. Costs specific to programs or supporting services are applied directly.

The following program services are included in the accompanying consolidated financial statements:

*Hospice Services* - JSSA Hospice Services provides high quality, compassionate and personalized end-of-life care for individuals and their families coping with life-limiting illnesses.

*Mental Health & Community Based Services* - provides a wide array of assessment, treatment, intervention and support services for individuals, couples and families coping with a variety of challenges. JSSA's adoption services support individuals and families seeking to grow their family. Synagogue liaison programs provide support services to area congregations.

*Senior Services and Holocaust Survivors* - provides care management and other community support services that allow frail seniors and Holocaust survivors to remain independent in their homes, providing peace of mind to their families. Chaplaincy services are provided to individuals in assisted living facilities and hospitals.

*Specialized Employment* - JSSA provides career coaching, life skills development and employment placement for individuals with differing abilities.

*Homecare* - Premier Homecare offers a full array of home support and homecare services for individuals and couples in need of at home care.

*Other Programs* - JSSA's Training Institute that provides professional clinical training to agency staff and community mental health professionals. JSSA provides scholarships to graduate and undergraduate students based on financial need.

### Net assets without donor restrictions

The Board Designated Endowment Fund includes funds received from donors without restrictions that are allocated to the Endowment at the Board of Directors' discretion. The earnings are used to support the overall needs of JSSA and are recorded as income without donor restrictions. The Board can remove the designation at its discretion.

The Reserve Fund was authorized by the Treasurer of the Board of Directors, and approved by the Executive Committee, to create operating reserves to provide JSSA with operating capital in the future to ensure that the impact of cuts in outside funding have minimal impact on JSSA's ability to provide essential safety-net services. The reserve fund is held in a separate account and earnings remain within the account. Disbursements from the fund are to be made as the operating needs of JSSA demand, and at the sole discretion of the CEO and/or the CFO.

### Adoption of new accounting principle

During the year ended June 30, 2020, JSSA adopted the provisions of ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. Adopting the new standard did not have a material effect on JSSA's revenue recognition for the year ended June 30, 2020.

**Deferral of revenue recognition accounting standard**

JSSA has elected to defer adoption of FASB ASU 2014-09, *Revenue from Contracts with Customers*, to the year ending June 30, 2021, in accordance with FASB ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which was issued in June 2020.

**Use of estimates**

Management uses estimates and assumptions in preparing these consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used.

**Subsequent events**

JSSA has evaluated events and transactions for potential recognition or disclosure through December 10, 2020, the date the consolidated financial statements were available to be issued.

**Reclassifications**

Certain 2019 amounts were reclassified to conform to the 2020 presentation. $1,779,720 of accounts and grants receivable were reclassified to contributions and grants receivable on the consolidated statement of financial position as of June 30, 2019, and $454,877 of grants were reclassified from net program service fees to state, county and governmental entity grants on the consolidated statement of activities and change in net assets for the year ended June 30, 2019.

## Note 2 - Liquidity and availability of resources

JSSA strives to maintain liquid financial assets to cover normal operating expenditures. As part of the organization's liquidity management, it structures its operations to allow financial assets to be available as its normal operating expenditures, liabilities, and other obligations come due.

The following table reflects JSSA's financial assets as of June 30, 2020 and 2019, reduced by amounts that are not available to meet normal operating expenditures within one year of the consolidated statement of financial position due to board designations, donor restrictions, timing restrictions or contractual obligations. Board designated endowment funds are not intended to be used within the next year and are therefore not included in financial assets available for use within one year of the financial statements. Amounts not available to meet general expenditures within one year also includes net assets with donor restrictions required to be held in perpetuity.

At June 30, 2020 and 2019, financial assets available to meet the general expenditures within one year of the consolidated financial statements consist of the following:

| | 2020 | 2019 |
|---|---|---|
| Cash and cash equivalents | $ 7,704,178 | $ 1,689,629 |
| Investments, short-term | 1,615,060 | 1,861,525 |
| Contributions and grants receivable | 788,339 | 3,028,627 |
| Accounts and grants receivable, net | 2,410,931 | 2,245,064 |
| Pledges receivable, net | 530,905 | 454,292 |
| Investments, long-term | 41,408,517 | 41,879,632 |
| Total financial assets | 54,457,930 | 51,158,769 |
| Less those unavailable for general expenditure within one year | | |
| Long-term pledges receivable, net | (350,655) | (285,792) |
| Board designated reserve fund* | (1,036,254) | (1,034,413) |
| Board designated endowment fund, net of budgeted appropriations* | (11,086,916) | (10,910,072) |
| Donor-restricted endowment funds, net of budgeted appropriations | (28,223,102) | (28,393,138) |
| Financial assets not available to be used within one year | (40,696,927) | (40,623,415) |
| Financial assets available to meet general expenditures within one year | $ 13,761,003 | $ 10,535,354 |

* The board designated endowment fund and reserve fund could become available if needed, with board approval.

Financial assets would be used to pay current liabilities as well as regular on-going operating expenses. Additionally, JSSA maintains a line of credit available for use. JSSA's long-term investments, including the board designated endowment fund, are used as collateral for the line of credit. Board approval is required for draws on the line of credit (see Note 13). The year over year increase in financial assets is due primarily to the receipt of the Paycheck Protection Program (PPP) loan funds received in the 4th quarter of the fiscal year (see Note 15).

## Note 3 - Property and equipment

Property and equipment consists of the following at June 30, 2020 and 2019:

| | 2020 | 2019 |
|---|---|---|
| Land | $ 2,512,911 | $ 2,512,911 |
| Cemetery plots | 7,200 | 7,200 |
| Building and building improvements | 9,389,505 | 9,363,566 |
| Leasehold improvements | 4,416,104 | 4,416,104 |
| Furniture and fixtures | 859,581 | 830,059 |
| Equipment and computer software | 2,874,795 | 2,390,162 |
| Automobiles | 321,997 | 364,879 |
| | 20,382,093 | 19,884,881 |
| Less accumulated depreciation and amortization | (6,161,249) | (5,363,578) |
| Total property and equipment, net | $ 14,220,844 | $ 14,521,303 |

In 2007, JSSA received a $1,639,000 grant from the Department of Health and Mental Hygiene to help in the construction of the Ina Kay headquarters building. This grant has a 30-year Right of Recovery which will expire during fiscal year 2038. The State of Maryland can recover the grant amount if JSSA does not use the property for the purpose for which the grant was awarded, which is to operate for charitable purposes within its mission. JSSA has no intentions to use the building other than for the purposes within the grant.

During the year ended June 30, 2018, JSSA received a $1,000,000 grant from the State of Maryland Board of Public Works ("BPW") to help with construction of the Montrose Road building. JSSA is unable to sell, lease, exchange, give away or otherwise transfer or dispose of the property improved with the grant funds unless the BPW gives prior written consent, and the BPW can then recover a percentage of the grant. JSSA has no intentions to vacate the Montrose Road building.

## Note 4 - Investments

Investments consist of the following at June 30, 2020 and 2019:

| | 2020 | 2019 |
|---|---|---|
| U.S. Large capitalization stocks | $ 10,326,130 | $ 11,182,974 |
| U.S. Mid capitalization stocks | 3,440,666 | 3,635,137 |
| U.S. Small capitalization stocks | 2,845,881 | 3,090,905 |
| International stocks | 5,489,370 | 5,820,373 |
| Emerging markets | 5,918,937 | 5,475,554 |
| Fixed income | 7,410,030 | 6,763,431 |
| Alternative investment strategies | 5,873,503 | 5,576,045 |
| Cash, money market funds and accrued interest | 1,615,060 | 1,835,238 |
| State of Israel bonds (face value) | 104,000 | 361,500 |
| | 43,023,577 | 43,741,157 |
| Less short-term investments | (1,615,060) | (1,861,525) |
| Total investments | $ 41,408,517 | $ 41,879,632 |

Investment income consists of the following for the years ended June 30, 2020 and 2019:

| | 2020 | 2019 |
|---|---|---|
| Dividends and interest | $ 889,695 | $ 836,776 |
| Unrealized gain (loss) on investments | (204,940) | 1,067,245 |
| Realized gain on investments | 656,652 | 320,485 |
| Investment management fees and taxes | (79,535) | (77,900) |
| Total investment income | $ 1,261,872 | $ 2,146,606 |

Investments include endowments which had a fair value of $41,451,546 and $41,547,081 at June 30, 2020 and 2019, respectively. See Note 11 for discussion of fair value measurements.

## Note 5 - Pledges receivable

Unconditional promises to give that are expected to be collected in less than one year are measured at net realizable value, which approximates fair value. Unconditional promises to give that are expected to be collected beyond one year are measured at fair value using the present value of future collections. The discount factor on those amounts is computed using risk-adjusted interest rates applicable to the years in which the promises were received. Amortization of the discount for the years ended June 30, 2020 and 2019, is included in contributions, bequests and gifts revenue on the consolidated statements of activities and change in net assets. The allowance for doubtful accounts is determined based on a review of the estimated collectability, plus a general provision based on historical loss experience and existing economic conditions. Uncollectible amounts are charged off against the allowances for doubtful accounts once management determines an account, or a portion thereof, to be uncollectible.

Pledges receivable consist of the following at June 30, 2020 and 2019:

| | 2020 | 2019 |
|---|---|---|
| Receivable in less than one year | $ 186,500 | $ 168,500 |
| Receivable in one to five years | 313,500 | 385,000 |
| Receivable in five to ten years | 75,000 | - |
| Allowance for doubtful accounts | (28,058) | (53,259) |
| Total pledges receivable | 546,942 | 500,241 |
| Less unamortized discount to net present value | (16,037) | (45,949) |
| Net pledges receivable | 530,905 | 454,292 |
| Less current portion, net | 180,250 | 168,500 |
| Long-term pledges receivable, net | $ 350,655 | $ 285,792 |

Pledges receivable due in excess of one year were discounted by $16,037 and $45,959, respectively, at June 30, 2020 and 2019, based on discount rates ranging from approximately 1.47 to 3.25 percent.

**Note 6 - Defined-contribution plan**

JSSA sponsors a defined-contribution pension plan that covers all employees. Prior to July 1, 2019, active employees of JSSA and Premier Homecare who were 21 years of age or older, regardless of expected work hours, were eligible to make elective deferral contributions on the first day of the month on or after they become an employee. All participating employees were eligible to receive employer contributions as long as they were an active employee on the last day of the plan year. Effective July 1, 2019, several amendments were made to the plan. Employees no longer need to be an active employee on the last day of the plan year. The minimum age for plan eligibility was removed. Employees will earn a vested year of service upon completing 750 hours of service during the vesting computation period. The employer may choose to make discretionary contributions and/or matching contributions each Plan year. JSSA contributed $260,055 to the plan for the year ended June 30, 2020. JSSA did not make any employer contributions for the year ended June 30, 2019.

**Note 7 - Deferred compensation plans**

JSSA has a 457(b) plan and a 457(f) plan covering select members of management. The 457(b) plan allows for employee deferrals and employer contributions as allowed under the Internal Revenue Code. Both employee and employer contributions are immediately vested. The 457(f) plan does not allow employee deferrals, but does provide for employer discretionary contributions. Employer contributions vest with the employee based on the date specified by JSSA. Employer contributions totaled $47,301 and $74,449 for the years ended June 30, 2020 and 2019, respectively. Deferred compensation assets and the related liabilities for the plans as of June 30, 2020 and 2019 totaled $648,728 and $635,110, respectively, as shown on the consolidated statements of financial position.

## Note 8 - Commitments and contingencies

JSSA has a contract with its Chief Executive Officer ("CEO") through August 31, 2021. The contract contains provisions for salary continuation of six months if he is terminated by mutual written agreement between the CEO and the Executive Committee or by disability.

JSSA leases its Montrose office under a long-term lease that expires on May 31, 2068. Under the lease, JSSA's annual rent is composed solely of its share of the building's operating expenses. Additionally, JSSA has a month-to-month lease for its Silver Spring office, where the monthly rent is composed solely of its share of the building's operating expenses. The fair value of rent for the Montrose and Silver Spring offices has not been determined and, therefore, no in-kind contribution for any value in excess of JSSA's share of operating expenses has been recorded.

JSSA leases office space in Northern Virginia under a lease that expires on September 30, 2027.

Rent expense including the Montrose office building operating expenses totaled $514,528 and $504,523 for years ended June 30, 2020 and 2019, respectively.

Future base rents for leases, including estimated Montrose and Silver Spring office expense pass-throughs, are as follows for the years ending June 30:

| | |
|---|---|
| 2021 | $ 462,806 |
| 2022 | 468,074 |
| 2023 | 473,475 |
| 2024 | 479,010 |
| 2025 | 484,647 |
| Thereafter | 11,362,885 |
| Total | $ 13,730,897 |

## Note 9 - Net assets with donor restrictions

Net assets with donor restrictions are available to support the following programs at June 30, 2020 and 2019:

| | 2020 | 2019 |
|---|---|---|
| Subject to expenditure for specified time and purpose | | |
| Children and families | $ 53,217 | $ 61,508 |
| Jewish education loan and scholarship program | 90,036 | 90,036 |
| Support for frail elders | 312,721 | 162,721 |
| Special needs (disabilities) | 26,256 | 26,986 |
| Time restricted contributions | 237,458 | 949,830 |
| Corpus and expendable portion of the following endowments | | |
| Support for hospice clients | 4,919,439 | 5,444,690 |
| Provide for the needs of children and families | 10,069,267 | 10,065,149 |
| Provide for the transportation needs of clients | 451,364 | 462,147 |
| Adoption services | 52,196 | 53,443 |
| Building maintenance fund | 843,555 | 863,707 |
| Provide services to clients with disabilities | 1,522,327 | 1,501,173 |
| Educational testing and advocacy | 1,307,210 | 1,312,460 |
| Support for frail elders | 7,313,660 | 7,046,405 |
| Vocational support services | 503,865 | 515,902 |
| Hospice transition support | 186,307 | 170,850 |
| Volunteer services | 141,587 | 144,969 |
| Jewish community outreach | 466,408 | 465,647 |
| Overall needs | 308,567 | 315,939 |
| Educational scholarships | 1,791,990 | 1,834,308 |
| Total | $ 30,597,430 | $ 31,487,870 |

## Note 10 - Endowments

JSSA's endowments consist of 15 funds established to support a variety of programs at JSSA. Its endowments consist of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

### Interpretation of relevant law

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as enacted into law in Washington, D.C. on January 23, 2008 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. Consequently, JSSA classifies in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the endowment. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is subject to appropriation for expenditure by JSSA in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, JSSA 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 purpose of JSSA 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 JSSA.
7. The investment policies of JSSA.

### Funds with deficiencies

From time to time, the fair value of the assets associated with individual donor-restricted endowments may fall below the level that the donor or UPMIFA requires JSSA to retain as a fund of perpetual duration (underwater endowments). JSSA has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2020, funds with original gift values of $1,569,892, fair values of $1,294,919 and deficiencies of $274,973 were reported in net assets with donor restrictions. At June 30, 2019, funds with original gift values of $1,569,892, fair values of $1,325,854 and deficiencies of $244,038 were reported in net assets with donor restrictions.

### Return objectives and risk parameters

JSSA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments. The endowment assets are invested in a manner that is intended to achieve appreciation of assets without exposure to undue risk.

**Spending policy**
JSSA has a policy of appropriating for distribution each year up to 5.5% of its endowment fund's average market value over the prior three years preceding the fiscal year in which the distribution is planned. In establishing this policy, JSSA considered the long-term expected returns on its endowment investments. Accordingly, over the long-term, JSSA expects the current spending policy will allow its endowments to retain the original fair value of the gift.

**Strategies employed for achieving objectives**
The long-term goal of the endowment funds is to achieve appreciation of assets without exposure to undue risk. Objectives of the endowment funds are to maintain asset levels capable of supporting desired levels of spending, to provide additional growth to cover operating expenses, and to preserve the purchasing power of the endowment assets over time. In order to achieve these objectives, the total return of the endowment funds is expected to exceed the Consumer Price Index for All Urban Consumers, or any successor index, by 6% over a five-year moving time period.

Endowment net asset composition by type of fund at June 30, 2020 and 2019 are as follows:

| | June 30, 2020 | | |
|---|---|---|---|
| | Without donor restrictions | With donor restrictions | Total |
| Donor-restricted endowment funds | $ - | $ 29,877,742 | $ 29,877,742 |
| Board designated endowment funds | 11,711,865 | - | 11,711,865 |
| Total funds | $ 11,711,865 | $ 29,877,742 | $ 41,589,607 |

| | June 30, 2019 | | |
|---|---|---|---|
| | Without donor restrictions | With donor restrictions | Total |
| Donor-restricted endowment funds | $ - | $ 30,196,789 | $ 30,196,789 |
| Board designated endowment funds | 11,531,509 | - | 11,531,509 |
| Total funds | $ 11,531,509 | $ 30,196,789 | $ 41,728,298 |

Changes in endowment net assets for the years ended June 30, 2020 and 2019 are as follows:

| | Without donor restrictions | With donor restrictions | Total |
|---|---|---|---|
| Endowment net assets, July 1, 2018 | $ 11,222,213 | $ 30,377,709 | $ 41,599,922 |
| Reclassification of underwater funds due to adoption of ASU 2016-14 | 230,416 | (230,416) | - |
| Contributions | 179,137 | 328,161 | 507,298 |
| Investment income | | | |
| Unrealized gain | 294,948 | 764,608 | 1,059,556 |
| Realized gain | 88,362 | 227,749 | 316,111 |
| Dividends and interest | 225,721 | 585,454 | 811,175 |
| Taxes and fees | (21,538) | (55,796) | (77,334) |
| Total investment income | 587,493 | 1,522,015 | 2,109,508 |
| Appropriation for expenditure | (687,750) | (1,800,680) | (2,488,430) |
| Endowment net assets, June 30, 2019 | 11,531,509 | 30,196,789 | 41,728,298 |
| Contributions | 630,135 | 398,061 | 1,028,196 |
| Investment income | | | |
| Unrealized loss | (49,045) | (154,474) | (203,519) |
| Realized gain | 181,418 | 470,524 | 651,942 |
| Dividends and interest | 245,808 | 635,296 | 881,104 |
| Taxes and fees | (21,957) | (56,773) | (78,730) |
| Total investment income | 356,224 | 894,573 | 1,250,797 |
| Appropriation for expenditure | (806,003) | (1,611,681) | (2,417,684) |
| Endowment net assets, June 30, 2020 | $ 11,711,865 | $ 29,877,742 | $ 41,589,607 |

## Note 11 - Fair value measurements

This FASB ASC topic establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and provide the highest priority inputs; Level 2 inputs are based primarily on quoted prices for identical assets in inactive markets or similar assets or liabilities in active or inactive markets as significant other observable inputs and; Level 3 inputs provide the lowest quality inputs because there are no significant observable inputs. JSSA uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, JSSA measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. All assets have been valued using a market approach. The deferred compensation assets are comprised of equity and fixed income mutual funds. The value of the deferred compensation obligations is based upon the underlying fair value of the deferred compensation assets. There were no changes in the valuation techniques used during the current year. State of Israel bonds are reported at amortized cost in Note 4 and excluded from the tables below.

Under ASU 2015-07, investments that are measured at fair value using NAV as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

| | Fair value | Net asset value | Quoted prices in active markets for identical assets/liabilities (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
|---|---|---|---|---|---|
| June 30, 2020 | | | | | |
| *Assets* | | | | | |
| U.S. Large capitalization stocks | $ 10,326,130 | $ - | $ 10,326,130 | $ - | $ - |
| U.S. Mid capitalization stocks | 3,440,666 | - | 3,440,666 | - | - |
| U.S. Small capitalization stocks | 2,845,881 | - | 2,845,881 | - | - |
| International stocks | 5,489,370 | - | 5,489,370 | - | - |
| Emerging markets | 5,918,937 | - | 5,918,937 | - | - |
| Fixed income | 7,410,030 | - | 7,410,030 | - | - |
| Alternative investment strategies | 5,873,503 | 5,534,696 | 338,807 | - | - |
| Cash, money funds and accrued interest | 1,615,060 | - | 1,615,060 | - | - |
| Total investments | 42,919,577 | 5,534,696 | 37,384,881 | - | - |
| Deferred compensation assets | 648,728 | - | 648,728 | - | - |
| Total assets | $ 43,568,305 | $ 5,534,696 | $ 38,033,609 | $ - | $ - |
| *Liabilities* | | | | | |
| Deferred compensation obligations | $ (648,728) | $ - | $ (648,728) | $ - | $ - |

| | Fair value | Net asset value | Quoted prices in active markets for identical assets/liabilities (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
|---|---|---|---|---|---|
| June 30, 2019 | | | | | |
| *Assets* | | | | | |
| U.S. Large capitalization stocks | $ 11,182,974 | $ - | $ 11,182,974 | $ - | $ - |
| U.S. Mid capitalization stocks | 3,635,137 | - | 3,635,137 | - | - |
| U.S. Small capitalization stocks | 3,090,905 | - | 3,090,905 | - | - |
| International stocks | 5,820,373 | - | 5,820,373 | - | - |
| Emerging markets | 5,475,554 | - | 5,475,554 | - | - |
| Fixed income | 6,763,431 | - | 6,763,431 | - | - |
| Alternative investment strategies | 5,576,045 | 5,221,015 | 355,030 | - | - |
| Cash, money funds and accrued interest | 1,835,238 | - | 1,835,238 | - | - |
| Total investments | 43,379,657 | 5,221,015 | 38,158,642 | - | - |
| Deferred compensation assets | 635,110 | - | 635,110 | - | - |
| Total assets | $ 44,014,767 | $ 5,221,015 | $ 38,793,752 | $ - | $ - |
| *Liabilities* | | | | | |
| Deferred compensation obligations | $ (635,110) | $ - | $ (635,110) | $ - | $ - |

Investments in alternative investment strategies consist of managed mutual fund that is traded in an active market and therefore a Level 1 investment, as well managed mutual funds and hedge funds, which meet the criteria under GAAP for investments that calculate NAV per share. NAV per share is calculated based on measurement of all of the underlying investments in the three funds in accordance with the FASB ASC Topic 946 on investment companies. Inputs include foreign exchange and commodity markets that trade using highly-liquid and regulated futures and foreign exchange contracts; features of the underlying investments, including subscription and redemption rights, expected discounted cash flows, transactions in the secondary market, bids received from potential buyers and overall market conditions; models that are based on inputs from active markets; and pricing models that have significant unobservable inputs.

The funds that calculate NAV per share have investment strategies that seek to achieve long-term capital appreciation. The funds aim to achieve this by investing in a range of trading styles, including long-term trend following, event driven, relative value, arbitrage strategies, short-term systematic, value, discretionary macro and foreign exchange strategies. Market exposure is diversified with positions in global currency, financial and commodity markets.

There are restrictions on redemptions Alternative Investments valued at NAV. JSSA had invested in a fund that permits redemptions on a monthly basis. Another fund allows for redemptions to be processed by the following business day, while another allows redemptions on a semi-annual.

## Note 12 - Concentration of credit risk

JSSA maintained balances in its cash, cash equivalents and short-term investments that, at times, exceed Federal Deposit Insurance Corporation ("FDIC") limits. At June 30, 2020, JSSA had uninsured deposits totaling approximately $7,346,000 in excess of FDIC limits.

## Note 13 - Line of credit

In June 2015, JSSA entered into a portfolio loan agreement and obtained a secured line of credit with no stated expiration date. The amount available for borrowing is based on the portfolio balance. As of June 30, 2020 and 2019, $19,969,000 was the maximum available for borrowing. The line of credit had a variable interest rate of LIBOR rate plus 1.25%. Interest is to be paid monthly based on the outstanding balance. The line of credit is secured by JSSA's investment holdings in its portfolio held with the lender. Internally, the Board of Directors initially restricted the use of the line of credit to fund the liability associated with the settlement of the defined benefit plan. During the year ended June 30, 2018, the Board of Directors expanded the use of the line of credit to cover cash flow needs related to the capital construction project. During the year ended June 30, 2017, JSSA drew $6,971,017 to fund the settlement of the defined benefit plan and for the year ended June 30, 2018, JSSA drew down $2,675,000, related to the capital construction project. The amount outstanding on the line of credit was $6,409,750 and $7,206,399 at June 30, 2020 and 2019, respectively. Interest expense was $195,754 and $332,385 for the years ended June 30, 2020 and 2019, respectively.

## Note 14 - Letter of credit

JSSA has a $149,343 letter of credit for the benefit of the State of Maryland for potential unemployment claims. The letter of credit is secured by deposit accounts maintained with the lender, and other assets, and has an expiration date of September 30, 2022.

## Note 15 - Loans payable

On April 27, 2020 JSSA, and May 4, 2020 Premier, obtained promissory notes totaling $3,893,112 under the Small Business Administration ("SBA")'s Paycheck Protection Program ("PPP") that is part of the CARES Act stimulus relief. The notes bear interest at one percent and require monthly payments of principal and interest on the outstanding principal balance, unless otherwise forgiven in whole or part by the SBA under the CARES Act. JSSA and Premier have up to 10 months after the end of the covered period, which is currently 24 weeks to apply for forgiveness. If the notes are not forgiven, payments will begin, the later of, 10 months after the date the covered period ends, or the date the SBA remits the forgiveness amount. The terms of the promissory notes are subject to change depending on final regulation or legislation enacted.

## Note 16 - Holocaust Survivors' Community Fund

During April 2013, the Jewish Federation of Greater Washington (the "Federation") and the United Jewish Endowment Fund ("UJEF") established The Holocaust Survivors' Community Fund (the "Fund") to raise money for the benefit of the Holocaust survivors served by the Jewish Social Service Agency. The Fund is held by UJEF, which retains legal control over the Fund. JSSA may request distributions on an as-needed basis, but such requests are subject to approval by the Federation. Because distributions are at the discretion of the Federation, the distributions are recognized in the period that notification of payment is received. Any distributions received by JSSA will be recorded as revenue with donor restrictions by JSSA. JSSA received distributions of $0 and $242,000 for the years ended June 30, 2020 and 2019, respectively.

## Note 17 - Risks and uncertainties

The spread of a novel strain of the coronavirus ("COVID-19") has caused significant business disruptions in the United States beginning in the first quarter of 2020. The economic impact of the business disruptions caused by COVID-19 is uncertain. The extent of any effects these disruptions may have on the operations and financial position of JSSA will depend on future developments, which cannot be determined at this time.

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