Jewish Social Service Agency and Affiliates

Consolidated Financial Statements and Independent Auditor's Report

June 30, 2021 and 2020

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Jewish Social Service Agency and Affiliates

Index

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, 2021 and 2020, 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 audit 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, 2021 and 2020, 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.

CohnReznick LLP

Bethesda, Maryland
December 10, 2021

Jewish Social Service Agency and Affiliates

Consolidated Statements of Financial Position
June 30, 2021 and 2020

Assets

	2021	2020
Current assets		
Cash and cash equivalents	$ 2,018,825	$ 7,704,178
Investments, short-term	1,761,412	1,615,060
Contributions and grants receivable	704,341	788,339
Accounts and grants receivable, net of allowance for doubtful accounts of $100,060 in 2021 and $20,220 in 2020	5,626,183	2,410,931
Pledges receivable, net of allowance for doubtful accounts of $4,750 in 2021 and $6,250 in 2020	149,750	180,250
Prepaid expenses	290,873	439,650
Total current assets	10,551,384	13,138,408
Investments, long-term	53,440,740	41,408,517
Property and equipment, net	13,541,363	14,220,844
Long-term pledges receivable, net of allowance for doubtful accounts of $13,623 in 2021 and $21,808 in 2020	199,246	350,655
Deposits	16,240	16,240
Section 457 plan assets	849,933	648,728
	$ 78,598,906	$ 69,783,392

Liabilities and Net Assets

	2021	2020
Current liabilities		
Accounts payable, accrued expenses and other liabilities	$ 2,471,832	$ 2,572,375
Refundable advances	123,310	1,420,206
Total current liabilities	2,595,142	3,992,581
Line of credit	5,403,228	6,409,750
Paycheck Protection Program loans	-	3,893,112
Deferred rent	118,529	117,486
Section 457 plan liabilities	849,933	648,728
Total liabilities	8,966,832	15,061,657
Net assets		
Without donor restrictions		
Undesignated	14,547,652	11,376,186
Board designated endowment fund	15,400,638	11,711,865
Reserve fund	1,036,368	1,036,254
Total without donor restrictions	30,984,658	24,124,305
With donor restrictions	38,647,416	30,597,430
Total net assets	69,632,074	54,721,735
	$ 78,598,906	$ 69,783,392

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, 2021

	Without donor restrictions	With donor restrictions	Total
Revenue and support			
Private and foundation grants	$ 893,165	$ 274,404	$ 1,167,569
Government grants	110,208	9,285,391	9,395,599
Federation grants	-	803,938	803,938
Contributions, bequests and gifts	2,293,367	815,131	3,108,498
Net program service fees	22,286,222	-	22,286,222
Investment income	3,938,683	9,630,329	13,569,012
Forgiveness of Paycheck Protection Program loans	3,893,112	-	3,893,112
Other revenue	28,195	-	28,195
Special events revenue, net of expenses of $11,057	3,617	-	3,617
Net assets released from restrictions	12,759,207	(12,759,207)	-
Total revenue and support	46,205,776	8,049,986	54,255,762
Expenses			
Program services			
Mental Health & Community Based Services	7,706,853	-	7,706,853
Senior Services	1,634,020	-	1,634,020
Holocaust Survivors	6,426,032	-	6,426,032
Hospice Services	12,577,707	-	12,577,707
Specialized Employment	1,467,225	-	1,467,225
Homecare	4,462,914	-	4,462,914
Other Programs	254,199	-	254,199
Total program services	34,528,950	-	34,528,950
Supporting services			
Management and administrative	3,561,892	-	3,561,892
Fundraising	1,254,581	-	1,254,581
Total supporting services	4,816,473	-	4,816,473
Total expenses	39,345,423	-	39,345,423
Change in net assets	6,860,353	8,049,986	14,910,339
Net assets, beginning of year	24,124,305	30,597,430	54,721,735
Net assets, end of year	$ 30,984,658	$ 38,647,416	$ 69,632,074

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
Government 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 Functional Expenses
Year Ended June 30, 2021

	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	$ 6,034,283	$ 926,789	$ 1,082,314	$ 8,943,671	$ 1,175,264	$ 3,949,965	$ 125,596	$ 22,237,882	$ 2,200,833	$ 807,797	$ 25,246,512
Health, medical and nutritional supports to clients	364,221	406,237	4,908,959	1,903,558	45	35,901	1,884	7,620,805	-	-	7,620,805
Other direct costs	28,945	41,456	13,388	76,498	3,892	37,649	21,444	223,272	-	-	223,272
Financial assistance	6,100	54,053	203,535	-	-	-	83,290	346,978	-	-	346,978
Occupancy	433,571	41,634	39,935	274,875	97,942	65,828	5,919	959,704	109,961	15,551	1,085,216
Technology and professional services	396,828	37,048	75,723	708,321	87,177	180,253	5,584	1,490,934	833,653	317,146	2,641,733
Depreciation and amortization	297,819	31,817	44,668	239,772	70,920	47,173	8,700	740,869	133,393	24,072	898,334
Other expenses	145,086	94,986	57,510	431,012	31,985	146,145	1,782	908,506	284,052	90,015	1,282,573
Total expenses	$ 7,706,853	$ 1,634,020	$ 6,426,032	$ 12,577,707	$ 1,467,225	$ 4,462,914	$ 254,199	$ 34,528,950	$ 3,561,892	$ 1,254,581	$ 39,345,423

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 Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	$ 14,910,339	$ (1,854,647)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	898,334	839,010
Donated investments	(50,000)	(50,000)
Realized gain on investments	(2,670,673)	(656,652)
Unrealized (gain) loss on investments	(9,558,601)	204,940
Bad debt expense	61,358	77,812
Increase in discount on pledges receivable	(6,906)	(29,912)
Endowment contributions	(499,355)	(398,061)
Contributions and grants received for long-term purposes	(99,641)	(70,000)
Forgiveness of Paycheck Protection Program loans	(3,893,112)	-
Changes in		
Contributions and grants receivable	83,998	2,106,288
Accounts and grants receivable	(3,286,295)	(268,880)
Pledges receivable	198,500	(248,000)
Prepaid expenses	148,777	(212,021)
Deposits	-	483
Section 457 plan assets	(201,205)	(13,618)
Accounts payable, accrued expenses and other liabilities	(100,543)	588,375
Section 457 plan liabilities	201,205	13,618
Deferred rent	1,043	6,182
Refundable advances	(1,296,896)	1,373,867
Net cash provided by (used in) operating activities	(5,159,673)	1,408,784
Cash flows from investing activities		
Proceeds from sale of investments	9,840,921	9,492,480
Purchases of investments	(9,740,222)	(8,273,188)
Purchases of property and equipment	(218,853)	(538,551)
Net cash provided by (used in) investing activities	(118,154)	680,741
Cash flows from financing activities		
Collection of endowment contributions	499,355	548,061
Collection of contributions and grants received for long-term purposes	99,641	280,500
Proceeds from loans payable	-	3,893,112
Payments on line of credit	(1,006,522)	(796,649)
Net cash provided by (used in) financing activities	(407,526)	3,925,024
Net increase (decrease) in cash and cash equivalents	(5,685,353)	6,014,549
Cash and cash equivalents, beginning of year	7,704,178	1,689,629
Cash and cash equivalents, end of year	$ 2,018,825	$ 7,704,178
Supplementary disclosure of cash flow information		
Cash paid for interest	$ 88,027	$ 195,754
Noncash financing activity		
Forgiveness of Paycheck Protection Program loans	$ 3,893,112	$ -

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. The management fee for the year ended June 30, 2021 was $103,753. There was no management fee charged for the year ended June 30, 2020. Premier paid $26,853 and $29,487 to JSSA for rental of office space for the years ended June 30, 2021 and 2020, respectively. Additionally, JSSA made contributions to Premier of $36,292 and $30,985 for the years ended June 30, 2021 and 2020, 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. On October 27, 2020, the Premier Board of Directors voted to apply to transfer Premier’s homecare license to JSSA. Premier plans to submit an application to the Maryland Department of Health, Office of Health Care Quality (OHCQ). If approved, Premier will transfer the license to JSSA and merge Premier into JSSA.

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 12 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 and an exchange-traded fund. The hedge funds include funds domiciled outside of the United States, which are reported at net asset value (NAV). 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.

Revenue recognition- program service revenue and receivables

Program service revenue from hospice, mental health and social services is reported at the amount that reflects the consideration to which JSSA expects to be entitled in exchange for providing client care. These amounts are due from clients, third-party payors (including health insurers and government payors), and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, JSSA bills the clients and third-party payors no less than monthly after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by JSSA. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. JSSA believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to clients receiving services in JSSA's programs. JSSA measures the performance obligation as the dates of service provided.

Because all of its performance obligations relate to contracts with a duration of less than one year, the JSSA has elected to apply the optional exemption provided in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606-10-50-14a and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. JSSA's performance obligations consist primarily of outpatient services that occur within one day of a client's visit, thus, there were no unsatisfied or partially unsatisfied performance obligations at the end of the reporting period.

JSSA determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured clients in accordance with JSSA's policy, and implicit price concessions provided to uninsured clients. JSSA determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. JSSA determines its estimate of implicit price concessions based on its historical collection experience with this class of clients.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicare and Medicaid - Outpatient services are paid using prospectively determined rates per visit per cover member.

Other - Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per visit, discounts from established charges, and prospectively determined daily rates.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge JSSA's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon JSSA. In addition, the contracts JSSA has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing client care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and JSSA's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price were not significant in fiscal year 2021.

Generally, clients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. JSSA also provides services to uninsured clients, and offers those uninsured clients a discount, from standard charges. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to client service revenue in the period of the change. For the year ended June 30, 2021, there was no additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments for performance obligations satisfied in prior years. JSSA provides care to these clients who meet certain criteria under its sliding fee discount policy without charge or at amounts less than the established rates. Charity care services are computed using a sliding fee scale based on client income and family size. Based on the cost of client services, charity care for the years ended June 30, 2021 and 2020 amounted to approximately $90,000 and $104,000, respectively. Such amounts determined to qualify as charity care are not reported as revenue.

Subsequent changes that are determined to be the result of an adverse change in the client's ability to pay are recorded as bad debt expense.

Revenue recognition - grants and contributions

Unconditional contributions, private and foundation grants, government 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, 2021 and 2020, JSSA had refundable advances of $123,310 and $1,420,206, respectively, related to conditional grants. JSSA has executed conditional grants totaling approximately $2,700,000 that have not been recognized as revenue or receivable at June 30, 2021. 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, 2021 and 2020, 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, 2021 and 2020, JSSA recognized \$136,455 and \$226,553, 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, 2021 and 2020.

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 \$898,334 and \$839,010 for the years ended June 30, 2021 and 2020, 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 34% and 37% of JSSA's total revenue, excluding investment income, was received from Medicare for the years ended June 30, 2021 and 2020, respectively.

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. JSSA did not have any unrelated business income for the year ended June 30, 2021. Tax years prior to 2017 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. JSSA's J-Caring line connects callers with community based services.

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 principles

During the year ended June 30, 2021, JSSA adopted the provisions of the FASB Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. This ASU provides new revenue recognition guidance that superseded existing revenue recognition guidance. The update, as amended, requires the recognition of revenue related to the transfer of goods or services to customers which reflects the consideration to which JSSA expects to be entitled in exchange for those goods or services. Management has determined that adopting the new standard did not have a material effect on the timing of JSSA's revenue recognition for the years ended June 30, 2021 and 2020.

During the year ended June 30, 2021, JSSA also adopted the provisions of FASB ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU provides revised guidance to improve the effectiveness of the disclosure requirements for fair value measurements. Adopting the new standard did not have a material effect on JSSA's fair value measurements for the years ended June 30, 2021 and 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, 2021, the date the consolidated financial statements were available to be issued.

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, 2021 and 2020, 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, 2021 and 2020, financial assets available to meet the general expenditures within one year of the consolidated financial statements consist of the following:

	2021	2020
Cash and cash equivalents	$ 2,018,825	$ 7,704,178
Investments, short-term	1,761,412	1,615,060
Contributions and grants receivable	704,341	788,339
Accounts and grants receivable, net	5,626,183	2,410,931
Pledges receivable, net	348,996	530,905
Investments, long-term	53,440,740	41,408,517
Total financial assets	63,900,497	54,457,930
Less those unavailable for general expenditure within one year		
Long-term pledges receivable, net	(199,246)	(350,655)
Board designated endowment fund, net of budgeted appropriations*	(14,701,992)	(11,086,916)
Donor-restricted endowment funds, net of budgeted appropriations	(36,501,362)	(28,223,102)
Financial assets not available to be used within one year	(51,402,600)	(39,660,673)
Financial assets available to meet general expenditures within one year	$ 12,497,897	$ 14,797,257

* The board designated endowment 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 June 30, 2020 financial assets include receipt of the Paycheck Protection Program 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, 2021 and 2020:

	2021	2020
Land	$ 2,512,911	$ 2,512,911
Cemetery plots	7,200	7,200
Building and building improvements	9,428,530	9,389,505
Leasehold improvements	4,426,845	4,416,104
Furniture and fixtures	859,581	859,581
Equipment and computer software	3,043,881	2,874,795
Automobiles	321,997	321,997
	20,600,945	20,382,093
Less accumulated depreciation and amortization	(7,059,582)	(6,161,249)
Total property and equipment, net	$ 13,541,363	$ 14,220,844

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, 2021 and 2020:

	2021	2020
U.S. large capitalization exchange-traded funds	$ 13,027,100	$ 10,326,130
U.S. mid capitalization exchange-traded funds	4,908,888	3,440,666
U.S. small capitalization exchange-traded funds	4,346,506	2,845,881
International mutual funds and exchange-traded funds	7,714,756	5,489,370
Emerging markets mutual funds	7,116,527	5,918,937
Fixed income mutual funds	9,000,969	7,410,030
Alternative investment strategies	7,225,244	5,873,503
Cash, money market funds and accrued interest	1,761,412	1,615,060
State of Israel bonds (face value)	100,750	104,000
	55,202,152	43,023,577
Less short-term investments	(1,761,412)	(1,615,060)
Total investments	$ 53,440,740	$ 41,408,517

Investment income consists of the following for the years ended June 30, 2021 and 2020:

	2021	2020
Dividends and interest	$ 1,420,539	$ 889,695
Unrealized gain (loss) on investments	9,558,601	(204,940)
Realized gain on investments	2,670,673	656,652
Investment management fees and taxes	(80,801)	(79,535)
Total investment income	$ 13,569,012	$ 1,261,872

Investments include endowments which had a fair value of $53,536,369 and $41,451,546 at June 30, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020:

	2021	2020
Receivable in less than one year	$ 154,500	$ 186,500
Receivable in one to five years	197,000	313,500
Receivable in five to ten years	25,000	75,000
Allowance for doubtful accounts	(18,373)	(28,058)
Total pledges receivable	358,127	546,942
Less unamortized discount to net present value	(9,131)	(16,037)
Net pledges receivable	348,996	530,905
Less current portion, net	149,750	180,250
Long-term pledges receivable, net	$ 199,246	$ 350,655

Pledges receivable due in excess of one year were discounted by $9,131 and $16,037, respectively, at June 30, 2021 and 2020, based on discount rates ranging from approximately .15 to 3.25 percent.

Note 6 - Defined-contribution plan

JSSA sponsors a defined-contribution pension plan that covers all employees. There is no minimum age or service requirement for employees to make elective deferrals. Employer matching contributions are made each pay period. 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 $275,032 and $260,055 to the plan for the years ended June 30, 2021 and 2020, respectively.

Note 7 - Section 457 plan assets and liabilities

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 $56,881 and $47,301 for the years ended June 30, 2021 and 2020, respectively. Section 457 plan assets and the related liabilities for the plans as of June 30, 2021 and 2020 totaled $849,933 and $648,728, 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, 2025. The contract contains provisions for salary continuation of twelve 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 $420,067 and $514,528 for years ended June 30, 2021 and 2020, 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:

2022	$	370,284
2023		375,685
2024		381,220
2025		386,857
2026		392,529
Thereafter		6,773,535
Total	$	8,680,110

Note 9 - Net assets with donor restrictions

Net assets with donor restrictions are available to support the following programs at June 30, 2021 and 2020:

	2021	2020
Subject to expenditure for specified time and purpose		
Children and families	$ 53,217	$ 53,217
Jewish education loan and scholarship program	133,236	90,036
Support for frail elders	202,023	312,721
Special needs (disabilities)	24,256	26,256
Hospice funding for PPE	5,447	-
Time restricted contributions	-	237,458
Corpus and expendable portion of the following endowments		
Support for hospice clients	6,265,209	4,919,439
Provide for the needs of children and families	12,805,519	10,069,267
Provide for the transportation needs of clients	571,865	451,364
Adoption services	66,130	52,196
Building maintenance fund	1,068,758	843,555
Provide services to clients with disabilities	1,957,493	1,522,327
Educational testing and advocacy	1,657,506	1,307,210
Support for frail elders	9,283,461	7,313,660
Vocational support services	638,381	503,865
Hospice transition support	236,046	186,307
Volunteer services	179,386	141,587
Jewish community outreach	594,056	466,408
Overall needs	390,945	308,567
Educational scholarships	2,514,482	1,791,990
Total	$ 38,647,416	$ 30,597,430

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, 2021, there were no funds which reported fair values beneath the original gift values of the donor-restricted endowments. 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.

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, 2021 and 2020 are as follows:

	June 30, 2021		
	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	$ -	$ 38,229,237	$ 38,229,237
Board designated endowment funds	15,400,638	-	15,400,638
Total funds	$ 15,400,638	$ 38,229,237	$ 53,629,875

	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

Changes in endowment net assets for the years ended June 30, 2021 and 2020 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, July 1, 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
Contributions	581,630	344,356	925,986
Investment income			
Unrealized gain	2,709,266	6,782,477	9,491,743
Realized gain	756,698	1,896,955	2,653,653
Dividends and interest	402,064	1,008,277	1,410,341
Taxes and fees	(22,853)	(57,380)	(80,233)
Total investment income	3,845,175	9,630,329	13,475,504
Appropriation for expenditure	(738,032)	(1,623,190)	(2,361,222)
Endowment net assets, June 30, 2021	$ 15,400,638	$ 38,229,237	$ 53,629,875

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 457 plan assets are comprised of equity and fixed income mutual funds. The value of the 457 plan liabilities is based upon the underlying fair value of the 457 plan 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, 2021					
Assets					
U.S. large capitalization exchange-traded funds	$ 13,027,100	$ -	$ 13,027,100	$ -	$ -
U.S. mid capitalization exchange-traded funds	4,908,888	-	4,908,888	-	-
U.S. small capitalization exchange-traded funds	4,346,506	-	4,346,506	-	-
International mutual funds and exchange-traded funds	7,714,756	-	7,714,756	-	-
Emerging markets mutual funds	7,116,527	-	7,116,527	-	-
Fixed income mutual funds	9,000,969	-	9,000,969	-	-
Alternative investment strategies	7,225,244	5,174,321	2,050,923	-	-
Cash, money market funds and accrued interest	1,761,412	-	1,761,412	-	-
Total investments	55,101,402	5,174,321	49,927,081	-	-
Section 457 plan assets	849,933	-	849,933	-	-
Total assets	$ 55,951,335	$ 5,174,321	$ 50,777,014	$ -	$ -
Liabilities					
Section 457 plan liabilities	$ (849,933)	$ -	$ (849,933)	$ -	$ -

	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 exchange-traded funds	$ 10,326,130	$ -	$ 10,326,130	$ -	$ -
U.S. mid capitalization exchange-traded funds	3,440,666	-	3,440,666	-	-
U.S. small capitalization exchange-traded funds	2,845,881	-	2,845,881	-	-
International mutual funds and exchange-traded funds	5,489,370	-	5,489,370	-	-
Emerging markets mutual funds	5,918,937	-	5,918,937	-	-
Fixed income mutual funds	7,410,030	-	7,410,030	-	-
Alternative investment strategies	5,873,503	5,534,696	338,807	-	-
Cash, money market funds and accrued interest	1,615,060	-	1,615,060	-	-
Total investments	42,919,577	5,534,696	37,384,881	-	-
Section 457 plan assets	648,728	-	648,728	-	-
Total assets	$ 43,568,305	$ 5,534,696	$ 38,033,609	$ -	$ -
Liabilities					
Section 457 plan liabilities	$ (648,728)	$ -	$ (648,728)	$ -	$ -

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. There were no unfunded commitments related to the alternative investments as of June 30, 2021 and 2020.

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, 2021, JSSA had uninsured deposits totaling approximately $1,617,425 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 a portion of the portfolio balance. As of June 30, 2021 and 2020, $8,800,000 and $19,969,000, respectively was the maximum available for borrowing. The line of credit had a variable interest rate of LIBOR rate plus 1.25%. Effective September 2021, the LIBOR rate was transitioned to a SOFR based rate. 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 $5,403,228 and $6,409,750 at June 30, 2021 and 2020, respectively. Interest expense was $88,027 and $195,754 for the years ended June 30, 2021 and 2020, 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 - Paycheck Protection Program loans

On April 27, 2020 JSSA, and May 4, 2020 Premier, obtained promissory notes totaling $3,893,112 under the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP") that is part of the CARES Act stimulus relief. The notes bore interest at one percent and required 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 had up to 10 months after the end of the covered period to apply for forgiveness. If the notes were not forgiven, payments were to 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 were subject to change depending on final regulation or legislation enacted. During the year ended June 30, 2021, the PPP loans were forgiven in their entirety. Accordingly, JSSA has recognized loan forgiveness revenue of $3,893,112 in the consolidated statement of activities and change in net assets.

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 did not receive any distributions for the years ended June 30, 2021 and 2020.

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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