

JEWISH FAMILY SERVICE OF THE DESERT
PALM SPRINGS, CALIFORNIA

INDEPENDENT AUDITOR'S REPORT,
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

JUNE 30, 2023

WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2022



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Jewish Family Service of the Desert
Palm Springs, California

Opinion

We have audited the accompanying financial statements of Jewish Family Service of the Desert (a non-profit organization) which comprise of the related statement of financial position as of June 30, 2023 and statement of activities, functional expenses and cash flows for the year then ended and related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Family Service of the Desert, as of June 30, 2023, and the changes in net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Jewish Family Service of the Desert's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jewish Family Service of the Desert's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the financial statements of Jewish Family Service of the Desert for the year ended June 30, 2022 in our report dated November 21, 2022, we expressed an unmodified audit opinion. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent in all material respects, with the audited financial statement from which it has been derived.

*Coachella Valley
Accounting & Auditing*

La Quinta, CA
November 27, 2023

JEWISH FAMILY SERVICE OF THE DESERT
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2022

			Totals	
	Without Donor Restrictions	With Donor Restrictions	2023	2022 Memorandum Only
ASSETS				
Cash and cash equivalents	\$ 397,384	\$ -	\$ 397,384	\$ 1,910,891
Investments	1,314,590	502,113	1,816,703	192,884
Accounts and grants receivable	68,715	-	68,715	47,858
Employee retention credit refund	-	-	-	54,403
Prepaid expenses	20,169	-	20,169	14,453
Prepaid mausoleum assets	1,000	-	1,000	1,000
Artwork	-	-	-	2,450
Deposits	8,500	-	8,500	8,500
Furniture and equipment, net	17,713	-	17,713	20,845
Right of use asset	467,964	-	467,964	-
TOTAL ASSETS	\$ 2,296,035	\$ 502,113	\$ 2,798,148	\$ 2,253,283
LIABILITIES				
Accounts payable	\$ 12,273	\$ -	\$ 12,273	\$ 16,565
Accrued vacation	60,439	-	60,439	46,614
Accrued expenses	26,512	-	26,512	65,064
Deferred revenue	68,025	-	68,025	139,257
Right of use liabilities	487,041	-	487,041	-
Total liabilities	654,291	-	654,291	267,500
NET ASSETS				
Without donor restrictions	1,044,242	-	1,044,242	1,092,042
Without donor restrictions, Board designated	597,502	-	597,502	592,816
With donor restrictions	-	502,113	502,113	300,925
TOTAL NET ASSETS	1,641,744	502,113	2,143,857	1,985,783
TOTAL LIABILITIES				
AND NET ASSETS	\$ 2,296,035	\$ 502,113	\$ 2,798,148	\$ 2,253,283

(The accompanying notes are an integral part of these financial statements)

JEWISH FAMILY SERVICE OF THE DESERT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2023	2022 Memorandum Only
SUPPORT AND REVENUES				
Support				
Federation allocation	\$ -	\$ 100,000	\$ 100,000	\$ 100,000
United Way allocation	-	10,000	10,000	10,917
Grants	-	1,247,811	1,247,811	847,461
Gifts In-Kind	29,760	-	29,760	22,192
Contributions and bequests	163,362	-	163,362	156,987
	193,122	1,357,811	1,550,933	1,137,557
Total support				
Revenues				
Client fees	596,716	-	596,716	611,489
Special events, net of \$94,809 & \$83,700 expense	659,180	-	659,180	654,174
Investment net income (loss)	62,748	-	62,748	(28,461)
	1,318,644	-	1,318,644	1,237,202
Total revenue				
Total support and revenues	1,511,766	1,357,811	2,869,577	2,374,759
RECLASSIFICATION				
Net assets released from restrictions	1,156,623	(1,156,623)	-	-
TOTAL SUPPORT, REVENUES AND RECLASSIFICATION				
	2,668,389	201,188	2,869,577	2,374,759
EXPENSES				
Programs	2,516,819	-	2,516,819	2,206,389
Management	109,162	-	109,162	100,477
Fund raising	85,522	-	85,522	73,597
	2,711,503	-	2,711,503	2,380,463
Total expenses				
INCREASE (DECREASE) IN NET ASSETS	(43,114)	201,188	158,074	(5,704)
NET ASSETS - BEGINNING OF YEAR	1,684,858	300,925	1,985,783	1,991,487
NET ASSETS - END OF YEAR	\$ 1,641,744	\$ 502,113	\$ 2,143,857	\$ 1,985,783

(The accompanying notes are an integral part of these financial statements)

JEWISH FAMILY SERVICE OF THE DESERT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

	Programs	Support Services		2023	2022
		Management	Fund Raising	Total	Memorandum Only
OPERATING EXPENSES					
Payroll and benefits	\$ 1,527,816	\$ 83,946	\$ 67,157	\$ 1,678,919	\$ 1,563,347
Conferences and travel	-	4,793	-	4,793	3,818
Insurance	16,511	717	1,021	18,249	16,509
Marketing and public relations	36,155	1,569	2,236	39,960	30,803
Membership dues	-	7,185	-	7,185	4,662
Office supplies	18,323	795	1,133	20,251	18,378
Office overhead	24,993	1,085	1,546	27,624	20,353
Professional fees	71,667	3,110	4,433	79,210	65,442
Program expenses	50,132	-	-	50,132	34,386
Rent	108,032	4,688	6,682	119,402	99,453
Telephone and utilities	10,885	472	673	12,030	11,056
Other	7,055	388	310	7,753	4,449
Grant expenses	637,720	-	-	637,720	497,650
Depreciation	7,530	414	331	8,275	10,157
TOTAL	\$ 2,516,819	\$ 109,162	\$ 85,522	\$ 2,711,503	\$ 2,380,463

(The accompanying notes are an integral part of these financial statements)

JEWISH FAMILY SERVICE OF THE DESERT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

	2023	2022 Memorandum Only
CASH FLOWS FROM		
OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 158,074	\$ (5,704)
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities:		
Depreciation	8,275	10,157
Unrealized losses (gains) on investments	(33,693)	63,661
Donated artwork	-	(2,450)
Donated investments	(112,304)	(64,739)
Amortization of right of use operating lease	7,387	-
Changes in operating assets and liabilities-		
Accounts and grants receivable	(20,857)	33,963
Employee retention credit refund	54,403	-
Prepaid expenses	(5,716)	7,323
Accounts payable	(4,292)	5,009
Accrued vacation	13,825	(14,383)
Accrued expenses	(38,552)	(6,067)
Deferred revenue	(71,232)	(45,435)
Net cash used by operating activities	(44,681)	(18,665)
CASH FLOWS FROM		
INVESTING ACTIVITIES		
Purchases of property and equipment	(5,142)	-
Purchase of investments	(2,602,721)	(13,768)
Sale of investments	1,139,037	26,092
Net cash (used) provided by investing activities	(1,468,826)	12,324
NET (DECREASE) INCREASE IN CASH	(1,513,507)	(6,341)
CASH AND RESTRICTED CASH EQUIVALENTS, BEGINNING OF YEAR	1,910,891	1,917,232
CASH AND RESTRICTED CASH EQUIVALENTS, END OF YEAR	\$ 397,384	\$ 1,910,891
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash and restricted cash consisted of the following at June 30:		
Cash	\$ 397,384	\$ 1,609,966
Cash - restricted	-	300,925
	\$ 397,384	\$ 1,910,891

(The accompanying notes are an integral part of these financial statements)

JEWISH FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The purpose of the Jewish Family Service of the Desert (JFS) is to provide for the social service needs of the Jewish and general community throughout the greater Coachella Valley with a commitment to promote the well being of persons of all ages, income and lifestyles. It accomplishes its purposes by making available counseling services in addition to financial aid in times of need. Its sources of income consist of an allocation from the Jewish Federation of the Desert, counseling fees from clients, grants, special events and donations and as such, it is subject to various market conditions, which would affect those revenues from time to time.

Income Taxes

JFS is a not-for-profit corporation that is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3), and from California franchise taxes under related state tax regulations and classified by the Internal Revenue Service as other than a private foundation. JFS may be subject to tax on income from any unrelated business operations. JFS does not currently have any unrelated business operations.

JFS's Form 990, *Return of Organization Exempt from Income Tax* are subject to examination by the IRS, generally for three years after they were filed.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed stipulations. The Board of Directors have designated funds of \$597,502 and \$592,816 at June 30, 2023, and June 30, 2022, respectively, consisting of operating reserves and amounts held in the Legacy Fund.

Net assets with donor restrictions

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, donor restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. (See Note 5)

Contributions

Contributions received are recorded as unrestricted or restricted, depending on the existence and/or nature of donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of time or purpose restrictions.

Expense Allocations

Functional expenses which are not specifically attributable to program services or supporting services are allocated based on estimates made by management.

JEWISH FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Investments

The Organization's investments are carried at fair value using quoted market prices with gains and losses included in the statement of activities. Investments are composed of mutual funds and fixed income. Investments are subject to gains or losses as a result of fluctuations in market prices.

Property and Equipment

Property and equipment are stated at cost, or fair market value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives ranging from five to seven years. The Organization has a minimum capitalization policy of \$1,000.

Cash and Cash Equivalents

JFS considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Revenue and Revenue Recognition

Revenues that are treated as exchange transactions are recognized consistent with the guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers. ASC 606 stipulates that revenue should be recognized consistent with the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Sponsorships received in advance of events are recorded as deferred revenue until the event takes place.

Use of Estimates

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

Recent Accounting Pronouncements

Effective for the years beginning after December 15, 2021, the Financial Accounting Standards Board's (FASB) Accounting Standards Updated ("ASU") 2016-02, Leases (Topic 842), requires a lessee to recognize a lease asset and related lease liability on the statement of financial position. The Organization adopted Topic 842 using the effective date method and recognized and measured leases effective during the year ending June 30, 2023. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard which, among other things, allowed the Organization to carry forward the historical classification, not reassess whether any expired or existing contracts contain leases and not reassess initial direct costs on existing leases.

JEWISH FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Memorandum Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the prior year, from which the summarized information was derived.

Reclassification

Certain amount in prior year presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported change in net assets.

2) RIGHT OF USE – OPERATING LEASE

The Organization entered into an office lease in Palm Springs effective December 2015 and continued through January 2023 with the option to extend for two additional five-year terms. In May 2022 was amended to extend the lease period through March 2028.

As of June 30, 2023, the related right of use asset and liability, discounted at net present value was \$467,964 and \$487,041, respectively.

The following summarizes annual base rent payment commitment as of June 30, 2023 under the terms of this lease:

Year ended <u>June 30,</u>	
2024	\$ 107,127
2025	110,341
2026	113,651
2027	117,059
2028	89,912
	<u>\$ 538,090</u>

3) RETIREMENT PLAN

Jewish Family Service has a defined contribution pension plan with Mutual of America for its eligible employees. Employer contributions are made to the plan based on 5% of each employee’s gross compensation. Contributions to the plan for the years ended June 30, 2023 and 2022 were \$71,316 and \$71,912, respectively. Additionally, the Jewish Family Service offers a voluntary salary reduction deferred annuity program to all employees.

JEWISH FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

4) DONATED SERVICES

Jewish Family Service has received significant donated services from volunteers which include public relations assistance, office support, and program services. Management has estimated these volunteer hours to be 4,029 and 4,912 for the years ended June 30, 2023 and 2022, respectively. These donated services are not reflected in the financial statements as no objective basis is available to measure the value.

5) DONOR RESTRICTED NET ASSETS

Donor restricted net assets are subject to donor restrictions limiting the Organization's use of the contributed assets to later periods or after specific dates (time restrictions), special purposes (purpose restrictions), or both. Donor restricted net assets at June 30 consisted of the following:

	<u>2023</u>	<u>2022</u>
Campership	\$ 14,435	\$ 15,437
Case Management	16,075	115,000
Emergency Assistance	40,546	64,738
Holiday Funds	250	250
Holocaust Survivor Assistance	247,585	-
Mental Health	108,333	46,000
Operations - time restricted	30,000	45,000
Other	9,127	14,500
Technology	35,762	-
Total	<u>\$ 502,113</u>	<u>\$ 300,925</u>

6) GIFTS IN-KIND

The Organization has received various noncash gifts, such as supplies, that were used for purposes of operating and program activities. These contributions are value at the estimated fair value provided by the donor or the net realizable value of donations used for retail operations. Contributed services and gifts in-kind at June 30, 2023 and 2022 are as follows;

	<u>2023</u>	<u>2022</u>
Artwork	\$ -	\$ 2,450
Catering	-	19,742
Program supplies	29,760	10,950
Total	<u>\$ 29,760</u>	<u>\$ 33,142</u>

JEWISH FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

7) INVESTMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The levels of the fair value hierarchy under FASB ASC 820-10 for assets held by the Organization are level 1 inputs to the valuation methodology; unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Investments consist of the following cost and fair value at June 30;

<u>2023</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Fixed Income	\$ 1,594,927	\$ 1,616,936	\$ 22,009
Equity Funds	148,764	199,767	51,003
Total	<u>\$ 1,743,691</u>	<u>\$ 1,816,703</u>	<u>\$ 73,012</u>

<u>2022</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Fixed Income	\$ 143,790	\$ 192,884	\$ 49,094
Total	<u>\$ 1,743,691</u>	<u>\$ 1,816,703</u>	<u>\$ 49,094</u>

8) DEFERRED REVENUE

Deferred revenue consists of the following at June 30:

	<u>2023</u>	<u>2022</u>
Patron Party sponsorship advance collections	\$ 68,025	\$ 126,556
Other events donations/sponsorships advance collections	-	11,582
Total	<u>\$ 68,025</u>	<u>\$ 139,257</u>

9) LEGACY FUND

The Legacy fund is a quasi-endowment fund which professionally manages donor contributions. This gives the Organization the ability to generate investment earnings for drawdown into one of four programs or reinvestment to grow the fund. Donors indicate which of the four program areas they would like the quarterly earnings directed to: either mental health, children and families, seniors or where most needed. Balances held at June 30, 2023 and 2022 amounted to \$597,502 and \$592,816, respectively.

JEWISH FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

10) EMPLOYEE RETENTION CREDIT

Due to the economic condition many companies faced during this crisis, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, was signed into law allowing for a refundable tax credit called the Employee Retention Credit (ERC). The purpose of the credit is to encourage businesses to keep employees on their payroll. In 2020, the credit applied to qualified wages paid after March 12, 2020 and before January 1, 2021.

In December 2020, the government extended the ERC into 2021 and increased it to \$7,000 on qualifying wages for each employee for each of the first two quarters of 2021. The credit also increased the number of employees qualifying for the credit by allowing employers to submit the credit for all qualifying wages for companies with under 500 employees (previously 100 employees). This increase allowed the Organization to submit for the credit for all employees working during the time period in which the government mandated limitations on operations referred to as partial suspension through June 15, 2021. The total credit amounted to \$54,403. Receivables related to this credit amounted to \$54,403 for the year ended June 30, 2022 was received in full in October 2022.

11) LIQUIDITY

The Organization's financial assets available within one year of the Statement of Financial Position date for general expenditure are as follows:

Cash	\$ 397,384
Investments	717,088
Accounts receivable	<u>68,715</u>
Total	<u>\$ 1,183,187</u>

The Board of Directors has a designated Reserve Fund held in the Legacy Fund (see note 9). These funds may be drawn upon in the event of an unanticipated liquidity need. Additionally, the Organization is committed to investing liquid assets conservatively. Income from donor-restricted sources is restricted for specific purposes and therefore, is not available for general expenditure.

12) SUBSEQUENT EVENTS

The Organization evaluated all potential subsequent events as of November 27, 2023 when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after June 30, 2023 or as of November 27, 2023 that require disclosure to the financial statements.