JEWISH FAMILY SERVICE AGENCY

FINANCIAL STATEMENTS

DECEMBER 31, 2022

ELLSWORTH • STOUT
CPAs and Consultants

JEWISH FAMILY SERVICE AGENCY
FINANCIAL STATEMENTS
DECEMBER 31, 2022

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Independent Auditor's Report

To the Board of Directors of
Jewish Family Service Agency

Report on the Audit of the Financial Statements

Opinion
We have audited the accompanying financial statements of Jewish Family Service Agency (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the 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 Agency (the "Agency"), as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 and *Government 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 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 and *Government 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 the Agency'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 the Agency'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.

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2023 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Ellsworth & Stout, LLC

Las Vegas, Nevada
September 12, 2023

JEWISH FAMILY SERVICE AGENCY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS		
Current Assets:		
Cash and cash equivalents	$	1,391,681
Investments		250,280
Accounts receivable		44,598
Grants receivable		1,390,779
Pledges receivable		371,490
Inventory		52,476
Prepaid and other current assets		37,347
Total current assets		3,538,651
Property and Equipment, net		3,160,195
Other Assets:		
Cash, restricted		23,400
Total Assets	$	6,722,246
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$	418,763
Accrued expenses		239,044
Grant advances		636,291
Total current liabilities		1,294,098
Net Assets:		
Without donor restrictions		4,840,072
With donor restrictions		588,076
Total net assets		5,428,148
Total Liabilities and Net Assets	$	6,722,246

See accompanying notes to the financial statements.

JEWISH FAMILY SERVICE AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Net Assets without Donor Restrictions	
Revenue and other support:	
Grant income	$ 7,415,333
Contributions	857,916
Program revenue	262,499
Net patient insurance revenue	37,309
Special events, net of expenses of $27,044	66,064
In-kind donations	1,220,609
Investment income	14,835
Net assets released from restrictions	637
	9,875,202
Expenses:	
Program services	6,475,991
Supporting services:	
Management and general	744,041
Fundraising	217,736
	7,437,768
Other income (expense):	
Miscellaneous income	2,677
Net realized and unrealized loss on investments	(7,180)
Loss on sale of asset	(641)
	(5,144)
Increase in net assets without donor restrictions	2,432,290
Net Assets with Donor Restrictions	
Contributions	341,000
Net assets released from donor restrictions	(637)
Increase in net assets with donor restrictions	340,363
Increase in Net Assets	2,772,653
Net Assets, Beginning of Year	2,655,495
Net Assets, End of Year	$ 5,428,148

See accompanying notes to the financial statements.

JEWISH FAMILY SERVICE AGENCY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Management and General	Fundraising	Total
Advertising	$ 1,566	$ 216	$ 36,018	$ 37,800
Computer expenses	102,471	7,340	217	110,028
Depreciation	75,999	10,483	873	87,355
Dues and subscriptions	3,043	420	35	3,498
Education and training	3,984	639	2	4,625
Fundraising	-	-	155,437	155,437
Insurance, other	18,882	5,694	206	24,782
Merchant fees	4,005	552	7,563	12,120
Mileage and travel reimbursement	26,510	4,840	224	31,574
Miscellaneous	37,665	5,195	433	43,293
Office expense	80,256	10,326	1,014	91,596
Personnel related expenses	1,885,355	362,388	13,119	2,260,862
Printing and postage	11,836	685	306	12,827
Professional services	120,236	324,379	580	445,195
Program expenses	3,930,631	-	-	3,930,631
Rent expense	118,022	3,225	1,071	122,318
Utilities	55,530	7,659	638	63,827
	$ 6,475,991	$ 744,041	$ 217,736	$ 7,437,768

See accompanying notes to the financial statements.

JEWISH FAMILY SERVICE AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

Cash Flows from Operating Activities	
Increase in net assets	$ 2,772,653
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	87,355
Net realized and unrealized loss on investments	7,180
Loss on sale of asset	641
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(963)
(Increase) decrease in grants receivable	(1,021,351)
(Increase) decrease in pledges receivable	(369,146)
(Increase) decrease in inventory	22,192
(Increase) decrease in prepaid and other current asset	81,407
Increase (decrease) in accounts payable	169,808
Increase (decrease) in accrued expenses	140,776
Increase (decrease) in grant advances	(1,758,230)
Net cash provided by operating activities	132,322
Cash Flows from Investing Activities	
Purchase of property and equipment	(3,111,661)
Purchase of investments	(70,674)
Proceeds from sale of investments	45,849
Net cash used in investing activities	(3,136,486)
Net Change in Cash and Cash Equivalents	(3,004,164)
Cash and Cash Equivalents, Beginning of Year	4,419,245
Cash and Cash Equivalents, End of Year	$ 1,415,081

See accompanying notes to the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Agency is presented to assist in understanding the Agency's financial statements. The financial statements and notes are representations of the Agency's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of the Agency

Inspired by the Jewish principle of "Repairing the World One Life at a Time" (Tikkun Olam), the Agency was founded in 1977 to provide comprehensive social support to people in need inclusive of professional social services to families and individuals in times of need. Services are offered to individuals of all religions, races, ages, disabilities, sexual orientations, and national origins.

The Agency's programs and services include prevention, intervention, and short-term therapy for individuals and families to enhance their quality of life; emergency assistance including food distribution, emergency financial assistance, and help for the homeless; adoption services; services for school aged children and their families; and assistance for seniors.

Services in the above areas are known in our community as Open Arms Adoption, the Center for Assessment & Education Services, AmeriCorps Seniors, NV Care Connections and Senior Lifeline.

The Agency is a local community organization that is committed to helping support, change, and improve the lives of all residents of Clark County. All the support received stays within the local community.

Basis of Presentation

The financial statements of the Agency have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Agency presents a classified statement of financial position with additional qualitative information about availability of resources and liquidity in Note 2.

The accompanying financial statements have been presented in accordance with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations, principally Accounting Standard Codification ("ASC") 958, *Not-for-Profit Entities*. Under ASC 958 (as amended by Accounting Standards Update ("ASU") 2016-14), the Agency is required to report information regarding its financial position and changes in financial position according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The classification of net assets is based on the existence or absence of donor-imposed restrictions. Net assets are released by donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Accordingly, actual results could differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Agency considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

At various times throughout the year, the Agency maintained deposits in financial institutions which exceeded federally insured amounts. The Agency has not experienced any losses in these accounts.

Accounts Receivable

The Agency has three categories of receivables related to program services that are reported net of allowance for doubtful accounts, as needed. Receivables related to counseling revenue relate to counseling services provided on a sliding scale fee; the Agency receives payment from individuals and insurance companies and recognizes receivables on the amount expected to be collected. Receivables related to adoption revenue relate to adoption services provided on a sliding scale; the Agency analyzes each adoption receivable using specific identification to assess any allowance required. Receivables related to education services revenue relate to services provided based on a fee schedule; the Agency analyzes each education service receivable using specific identification to assess any allowance required. The Agency charges off uncollected account receivables when management determines receivables will not be collected. As of December 31, 2022 and 2021, there is no estimated allowance for doubtful accounts and all receivables are deemed collectible in one year. As of December 31, 2022, and 2021, accounts receivable included on the statement of financial position relating to program income were $44,598 and $43,635, respectively.

Grants Receivable

Grants receivable represent unreimbursed costs and outstanding grant award balances. It is the Agency's policy to charge off uncollectible receivables when management determines that receivables will not be collected. As of December 31, 2022, no allowances for doubtful grants receivable was deemed necessary.

Pledges Receivable

Certain Nevada businesses and individuals have made pledges in support of the Agency. In accordance with ASC 958, *Not-for-Profit Entities*, the promises to give are recorded at their present value when difference from cash value is considered material. As of December 31, 2022, no discount on pledges was deemed necessary.

Pledges receivable consisted of the following as of December 31, 2022:

Receivable in less than one year	$	158,790
Receivable in one to five years		212,700
Total pledges receivable		371,490
Less discounts to net present value		-
Net pledges receivable	$	371,490

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventories primarily consist of food that is both purchased and donated. Food donations are recorded as in-kind donations and valued at $1.79 per pound for the first 10 months of the year and $1.92 for the last 2 months, in accordance with Feeding America's valuation as of June 30, 2021 and 2022. Additionally, through various funding sources the Agency has an inventory of gift cards which are used in the Emergency Service and Senior Service departments.

Property and Equipment

The Agency capitalizes significant expenditures for property and equipment at cost, generally those that exceed $2,500. Property and equipment that are contributed to the Agency are recorded at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to twenty five years.

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued additional ASU's, which amend and clarify Topic 842. The most significant change in the new leasing guidance is the requirement to recognize right-of-use ("ROU") assets and lease liabilities for finance and operating leases on the statement of financial position.

The Agency elected to adopt Topic 842 effective January 1, 2022 using transition method B. The adoption did not have a material impact on the Agency's statement of financial position or the statement of activities.

The Agency has elected to apply the portfolio approach to account for ROU assets and liabilities, where applicable.

The Agency has elected the practical expedient that does not require the Agency to separate lease and non-lease components for its leases.

The Agency has elected to use the risk-free rate as the discount rate for finance and operating leases.

The Agency leased office space and equipment. The Agency has elected the short-term lease recognition exemption for all applicable classes of underlying assets. Short-term disclosures include only those leases with a term greater than one month and 12 months or less, and expense is recognized on a straight-line basis over the lease term. Leases with an initial term of 12 months or less that do not include an option to purchase the underlying asset that the Agency is reasonably certain to exercise, are not recorded on the statement of financial position. Total rent expense under these short-term leases for the year ended December 31, 2022 was $122,318.

The Agency has elected to use the package of transition practical expedients.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Grant Advance

When grant money is received in advance, and not all of the requirements necessary to be eligible for the advance to be recognized as revenue, the advance is reported as a liability. Grant advances for the year ended December 31, 2022 was $636,291.

Revenue Recognition

All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

Contributions may be considered conditional or unconditional. A conditional contribution exists if both a) one or more barriers exist and b) the right of return to the contributor for assets transferred (or a right of release of the promisor from its obligation) depends on overcoming the stated barriers before a recipient is entitled to the assets transferred or promised. In cases of ambiguous donor stipulations or stipulations that are not clearly unconditional, contributions are presumed to be conditional. Conditional contributions are recognized when conditions have been substantially met or waived by the donor. Unconditional contributions are recognized when received or when the right to receive is obtained through documentation.

Grant revenue may be considered a contribution, entirely an exchange transaction, or a combination of the two. If a grant is considered a contribution, it is recognized as described in the above paragraph. If a grant is considered an exchange transaction, it falls under the guidance of Topic 606 and additional steps are taken to ensure correct recording of revenue. The performance obligation is satisfied when the services outlined in the grant contract are rendered. For the year ended December 31, 2022, all exchange grant revenue was recognized at a point-in-time when services were performed.

Revenue from program fees are reported at their estimated realizable amount from patients and third party payors. Net patient insurance revenue is recorded as a total dollar amount collected from patients less the contractual adjustments. The performance obligation is satisfied when services are rendered. Revenue is recognized at a point-in-time when services are performed and payment becomes receivable upon service completion.

Contributed Materials and Services

Generally, donated materials, if significant in amount, are recorded at their fair market value, provided the Agency has a clearly measurable and objective basis for determining the value. In the case of materials where such values cannot reasonably be determined, the donation is not recorded.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Materials and Services

Donated professional services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated professional services consist of recordable monthly accounting services and discounts on IT support all of which are allocated to the management and general class. Unpaid volunteers have donated their time to the Agency's programs. The value of such services has not been reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition as contributed services. The amounts reflected in the accompanying financial statements as in-kind donations revenue are offset by amounts included in professional services expense and program expense.

The fair values of in-kind contributions are summarized as follows:

Food donations	$ 1,053,020
Professional services	167,589
	$ 1,220,609

Allocation Methodology

The statement of functional expenses presents expenditures by both their nature and their function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated based on management's estimate of time and effort, except for those expenditures that are considered direct expenses.

Advertising

The Agency uses advertising to promote its services. Advertising costs are expensed as incurred and total $37,800 for the year ended December 31, 2022.

Income Taxes

In November 1977, the Agency received notification from the Internal Revenue Service that the Agency is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as a public charity under Sections 509(a)(1) and 170(b)(1)(A)(vi). Therefore, no provision for income taxes is made in the accompanying financial statements.

As defined by ASC Topic 740, *Income Taxes*, no provision or liability for material uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

The Agency is no longer subject to potential income tax examinations by tax authorities for years for which the statute of limitations has expired.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Agency's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents, net of donor restrictions and/or conditions	$ 390,714
Investments	250,280
Accounts receivable	44,598
Grants receivable, net of donor restrictions	1,190,779
Pledges receivable	371,490
	$ 2,247,861

Contractual or donor-imposed restrictions are not available for general expenditure. As part of the Agency's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 3 – PROPERTY AND EQUIPMENT

As of December 31, 2022, property and equipment consisted of the following:

Building and improvements	$ 3,041,171
Construction in progress	150,369
Furniture and equipment	138,700
	3,330,240
Less: accumulated depreciation	(170,045)
	$ 3,160,195

Depreciation expense for the year ended December 31, 2022 was $87,355.

NOTE 4 – FAIR VALUE MEASUREMENTS

The Agency measures certain financial assets and liabilities at fair value on a recurring basis, and certain non-financial assets and liabilities on a nonrecurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. Fair value disclosures are reflected in a three-level hierarchy, maximizing the use of observable inputs, and minimizing the use of unobservable inputs.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

Level 2 – inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

Fair values of assets measured as of December 31, 2022, are as follows:

	Total	Level 1	Level 2	Level 3
Recurring fair value measurements:				
Stocks	$ 250,280	$ 250,280	$ -	$ -
	$ 250,280	$ 250,280	$ -	$ -

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. Net assets with donor restrictions are restricted for the following purposes as of December 31, 2022:

Subject to expenditure for specified purpose and/or passage of time:	
Building capital campaign	$ 150,000
Capital campaign - endowment	241,000
Breast Cancer Support	100,000
Chesed, Indigent Burial	45,726
Holocaust Survivor Group	14,389
David Berkovitz Memorial Fund for Survivors in Need	7,805
Hal Ober Scholarship Fund	4,250
Speigel	868
Pat Risler	488
Tzedakah Emergency Funds	150
	564,676
Not subject to appropriation or expenditure:	
Donor restricted endowment held in perpetuity	23,400
	$ 588,076

As of December 31, 2022, net assets with donor restrictions consisted of cash and cash equivalents of $364,676, accounts receivable of $200,000, both classified as current, and cash of $23,400 classified as long-term due to the asset being held in perpetuity.

NOTE 6 – ENDOWMENT

The endowment fund was established for the long-term financial security of the Agency. The Agency's endowment fund includes only donor-restricted endowment funds. As required by generally accepted accounting principles ("GAAP"), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Agency has interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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

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

Return Objectives, Risk Parameters and Strategies

The Agency has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Therefore, the Agency expects its endowment assets, over time, to produce an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

In establishing this policy, the Agency considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, some of which must be maintained in perpetuity because of donor-restrictions, and possible effects of inflation. The Agency expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 3% annually, which is consistent with the Agency's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

NOTE 6 – ENDOWMENT (Continued)

Spending Policy (Continued)

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Trustees of the Agency has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

Endowment net asset composition by type of fund as of December 31, 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ -	$ -	$ -
Donor-restricted endowment funds	-	264,400	264,400
	$ -	$ 264,400	$ 264,400

Changes in endowment net assets for the year ended December 31, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 23,400	$ 23,400
Contributions	-	241,000	241,000
Investment return, net	-	-	-
Amounts appropriated for expenditure	-	-	-
Endowment net assets, end of year	$ -	$ 264,400	$ 264,400

NOTE 7 – NET PATIENT INSURANCE REVENUE

The Agency has agreements with third party payers that provide payments to the Agency at amounts that vary from its established rates. The approximate difference between charges and the related payment amount are shown below for the year ended December 31, 2022:

Gross patient insurance revenue	$ 99,392
Contractual adjustments	(62,083)
Net patient insurance revenue	$ 37,309

NOTE 8 – CONCENTRATIONS

For the year ended December 31, 2022, approximately 52% of the Agency's support was provided by two major grantors. It is always considered reasonably possible that benefactors, grantors, or contributors might be lost in the near term.

NOTE 9 – SIMPLE IRA RETIREMENT PLAN

As of September 1, 2016, the Agency sponsors a Simple IRA retirement plan ("Plan") covering qualified employees. Employees who receive a salary of at least $5,000 are eligible to participate in the Plan. The Agency matches the employee's contribution up to a maximum of three percent of the eligible employee's compensation. The Agency contributed $20,235 for the year ended December 31, 2022.

NOTE 10 – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2022, members of the board of directors pledged to donate in aggregate $264,550 towards the capital campaign efforts.

NOTE 11 – SUBSEQUENT EVENTS

In May 2023, the Agency launched a new program to support community members diagnosed with breast cancer. As of December 31, 2022, the Agency had already received $200,000 in grant advances and $100,000 in donor restricted dollars.

Management of the Agency has evaluated subsequent events through September 12, 2023, which is the date the financial statements were available to be issued. No additional events were identified that would require disclosure.

SUPPLEMENTARY INFORMATION

Information regarding the Conference on Jewish Material Claims Against Germany, Inc. (the "grantor") for the year ended December 31, 2022, is summarized below:

Fund	Application Number	Award Amt. Received	Award Expenditures	Contract Dates
2022 Calendar Year Grant:				
GG24	29638	$ 1,122,086	$ 1,122,086	01/1/2022-12/31/2022
HSEAP	31654	6,540	6,540	01/1/2022-12/31/2022
Total Claims Conference		$ 1,128,626	$ 1,128,626	

Management believes the Agency has complied with the provisions of the grant agreements and the grant funds were expended exclusively for the purpose for which they were granted. Of the total revenue included above, $246,124 was included in grants receivable at year end for GG24.

COMPLIANCE SECTION

ELLSWORTH • STOUT
CPAs and Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Jewish Family Service Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Jewish Family Service Agency (a nonprofit agency) (the "Agency"), which comprise the statement of financial position as of December 31, 2022, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 12, 2023.

<u>*Report on Internal Control over Financial Reporting*</u>
In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

<u>*Report on Compliance and Other Matters*</u>
As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

<u>*Purpose of This Report*</u>
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ellsworth & Stout, LLC

Las Vegas, Nevada
September 12, 2023

CPA
The CPA. Never Underestimate The Value.®
Acuity Financial Center
7881 W. Charleston Blvd., Ste. 155 • Las Vegas, NV 89117
p 702•871•2727 f 702•876•0040
lvcpas.com
Members of the American Institute of Certified Public Accountants & Nevada Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Jewish Family Service Agency

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited the Jewish Family Service Agency (a nonprofit agency) (the "Agency") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended December 31, 2022. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Agency's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Agency's federal programs.

Auditor's Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Agency's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Ellsworth & Stout, LLC

Las Vegas, Nevada
September 12, 2023

JEWISH FAMILY SERVICE AGENCY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUB-RECIPIENTS	TOTAL FEDERAL EXPENDITURES
U.S. Department of Agriculture				
Passed through Three Square:				
Emergency Food Assistance Program (Food Commodities)*	10.569		$ -	$ 420,550
Total Food Distribution Cluster			-	420,550
U.S. Department of Housing and Urban Development				
Passed through Clark County:				
Community Development Block Grants/Entitlement Grants	14.218	PO4800010407-028	-	2,426,014
Passed through City of Las Vegas:				
Community Development Block Grants/Entitlement Grants	14.218		-	49,556
Total CDBG - Entitlement Grants Cluster			-	2,475,570
Passed through Clark County:				
COVID-19 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	PO4800010407-028	-	141,020
COVID-19 Emergency Solutions Grant Program	14.231	PO4800010407-028	-	829,752
U.S. Department of the Treasury				
Passed through Clark County:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	F1MMDMKRUTE5	-	409,368
U.S. Department of Veterans Affairs				
Passed through State of Nevada Dept of HHS Aging and Disability Services Division:				
VHA Home Care	64.044	03-109-40-IX-23		900
U.S. Department of Health and Human Services				
Passed through the State of Nevada Dept of HHS Aging and Disability Services Division:				
Special Programs for the Aging, Title III, Part B	93.044	03-109-15-EB-23 03-109-15-EB-22 03-109-02-LB-21 03-109-02-LB-22	-	188,423
COVID-19 Special Programs for the Aging, Title III, Part B	93.044	03-109-15-BC3X-21	-	38,275
Total Aging Cluster			-	226,698
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	03-109-15-AC3X-21	-	60,497
National Family Caregiver Support, Title III, Part E	93.052	03-109-15-EB-21 03-109-15-EB-22	-	29,053
Immunization Cooperative Agreements	93.268	03-109-59-AC5X-22	-	7,165
Social Services Block Grant	93.667	03-109-02-L9W-23 30-109-LB-22	-	97,940
U.S. Corporation for National and Community Service				
Foster Grandparent Program	94.011		-	195,212
Senior Companion Program	94.016		-	146,023
Total Foster Grandparent/Senior Companion Cluster			-	341,235
U.S. Department of Homeland Security				
Passed through United Way of Southern Nevada:				
Emergency Food and Shelter National Board Program	97.024		-	252,227
COVID-19 Emergency Food and Shelter National Board Program	97.024	Phase Cares	-	73,593
Total ALN 97.024			-	325,820
Total Expenditures of Federal Awards			$ -	$ 5,365,568

See accompanying notes to the schedule of expenditures of federal awards.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule)" includes the federal award activity of Jewish Family Service Agency (the "Agency") under programs of the federal government for the year ended December 31, 2022. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Agency.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The amount of noncash expenditures reported on the Schedule as indicated with an * is the value of the food commodities distributed by the Agency during the current year and priced as described in the notes to the financial statements in Note 1 subsection contributed materials and services.

Indirect Cost Rate

The Agency has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance**.**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results:

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified			
Internal control over financial reporting:				
Material weaknesses identified?		yes	x	none reported
Significant deficiencies identified?		yes	x	none reported
Noncompliance material to financial statements noted?		yes	x	no

Federal Awards

Internal control over major federal programs:				
Material weaknesses identified?		yes	x	none reported
Significant deficiencies identified?		yes	x	none reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?		yes	x	no

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster:
14.218	CDBG Entitlement Grants Cluster
14.231	Emergency Solutions Grants Program

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as a low-risk auditee?	x	yes		no

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.