

**JEWISH VOCATIONAL AND
CAREER COUNSELING SERVICE**

JUNE 30, 2022

INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS

Jewish Vocational and Career Counseling Service

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Independent Auditors' Report

THE BOARD OF DIRECTORS
JEWISH VOCATIONAL AND
CAREER COUNSELING SERVICE
San Francisco, California

Opinion

We have audited the financial statements of **JEWISH VOCATIONAL AND CAREER COUNSELING SERVICE (JVS)**, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of JVS as of June 30, 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of JVS 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 opinion.

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 JVS's ability to continue as a going concern for one year from the date of this report.

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

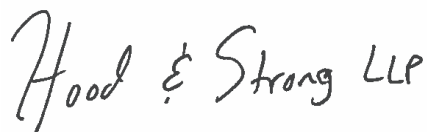
In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 JVS'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 JVS'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 JVS's June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 1, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Handwritten signature in cursive script that reads "Hood & Strong LLP".

San Francisco, California
December 14, 2022

Jewish Vocational and Career Counseling Service

Statement of Financial Position

<i>June 30, 2022 (with comparative totals for 2021)</i>	2022	2021
Assets		
Cash and cash equivalents	\$ 4,647,349	\$ 6,628,298
Government contracts receivable, net	2,260,873	977,815
Contributions receivable, net	1,044,855	3,031,733
Investments	1,031,859	1,215,855
Prepaid expenses and other assets	515,387	98,645
Fixed assets, net	33,049	112,580
Total Assets	\$ 9,533,372	\$ 12,064,926
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 314,173	\$ 322,091
Accrued salaries and related expenses	1,147,203	1,016,122
Deferred revenue	112,218	5,000
Paycheck Protection Program loan		1,365,049
Notes payable	646,850	715,979
Total liabilities	2,220,444	3,424,241
Net Assets:		
Without donor restrictions	2,408,530	2,168,814
With donor restrictions	4,904,398	6,471,871
Total net assets	7,312,928	8,640,685
Total Liabilities and Net Assets	\$ 9,533,372	\$ 12,064,926

See accompanying notes to the financial statements.

Jewish Vocational and Career Counseling Service

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2022 (with comparative totals for 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and Support:				
Government contract support	\$ 5,114,733		\$ 5,114,733	\$ 3,798,549
Grants and other contributions	1,098,750	\$ 3,756,221	4,854,971	8,579,930
Special events (net of direct expenses of \$187,876 for 2022)	197,780		197,780	340,343
In-kind donations	2,046,038		2,046,038	981,486
Forgiveness of Paycheck Protection Program loan	1,365,049		1,365,049	1,293,606
Program service fees and client fees	586,017		586,017	453,568
Investment income, net	582,350	(130,245)	452,105	238,369
Net assets released from restrictions	5,193,449	(5,193,449)	-	-
Total revenue and support	16,184,166	(1,567,473)	14,616,693	15,685,851
Expenses:				
Program services	12,448,652		12,448,652	10,072,002
Supporting services	3,761,131		3,761,131	3,322,967
Total expenses	16,209,783	-	16,209,783	13,394,969
Change in Net Assets Before Other Changes	(25,617)	(1,567,473)	(1,593,090)	2,290,882
Other Changes in Net Assets:				
Employee retention tax credit	331,849		331,849	-
Loss on disposal of assets	(66,516)		(66,516)	-
Change in Net Assets	239,716	(1,567,473)	(1,327,757)	2,290,882
Net Assets, beginning of year	2,168,814	6,471,871	8,640,685	6,349,803
Net Assets, end of year	\$ 2,408,530	\$ 4,904,398	\$ 7,312,928	\$ 8,640,685

See accompanying notes to the financial statements.

Jewish Vocational and Career Counseling Service

Statement of Functional Expenses

Year Ended June 30, 2022 (with comparative totals for 2021)

	2022									
	Program Services				Supporting Services				2022 Total	2021 Total
	Job Search Support	Pathways Support	Job Readiness	Subtotal Program Services	Management and General	Fundraising	Subtotal Supporting Services			
Salaries	\$ 564,259	\$ 2,958,552	\$ 1,681,310	\$ 5,204,121	\$ 1,296,535	\$ 832,115	\$ 2,128,650	\$ 7,332,771	\$ 6,635,910	
Employee benefits	82,640	558,375	283,647	924,662	210,100	121,983	332,083	1,256,745	1,102,571	
Payroll taxes	45,642	239,013	134,635	419,290	100,009	64,267	164,276	583,566	527,603	
Rent	112,668	574,589	323,069	1,010,326	182,345	105,647	287,992	1,298,318	1,063,377	
Professional and contract services	57,958	1,257,966	326,935	1,642,859	425,683	167,427	593,110	2,235,969	1,472,002	
Office supplies and expenses	35,740	246,216	102,860	384,816	47,566	61,790	109,356	494,172	443,485	
Meetings and travel	1,706	20,382	14,188	36,276	16,572	2,819	19,391	55,667	25,636	
Marketing and outreach	21	9,436	1,682	11,139	26	13,841	13,867	25,006	33,595	
Internships and stipends		1,415,452	358,309	1,773,761		1,607	1,607	1,775,368	752,470	
Client resources	29,208	670,762	100,183	800,153	2,077		2,077	802,230	910,315	
Dues and subscriptions		199		199	15,804	449	16,253	16,452	30,091	
Telephone and utilities	7,210	35,745	20,950	63,905	9,956	7,140	17,096	81,001	70,717	
Insurance	4,375	22,911	12,507	39,793	7,014	4,753	11,767	51,560	69,368	
Maintenance and repairs	2,081	10,289	5,784	18,154	4,202	2,405	6,607	24,761	1,872	
Staff recruitment and development	9,033	30,062	30,929	70,024	20,515	7,885	28,400	98,424	83,668	
Miscellaneous	3,453	(13,528)	10,698	623	872	98	970	1,593	27,658	
Depreciation and amortization	3,169	16,472	9,252	28,893	4,759	3,050	7,809	36,702	79,224	
Bad debt expense				-		12,242	12,242	12,242	32,299	
Interest	2,169	11,195	6,294	19,658	5,536	2,042	7,578	27,236	33,108	
Expenses as shown on the Statement of Activities and Changes in Net Assets	961,332	8,064,088	3,423,232	12,448,652	2,349,571	1,411,560	3,761,131	16,209,783	13,394,969	
Other expenses:										
Loss on disposal of assets					66,516		66,516	66,516	-	
Direct expenses of special events						187,876	187,876	187,876	-	
Total expenses	\$ 961,332	\$ 8,064,088	\$ 3,423,232	\$ 12,448,652	\$ 2,416,087	\$ 1,599,436	\$ 4,015,523	\$ 16,464,175	\$ 13,394,969	

See accompanying notes to the financial statements.

Jewish Vocational and Career Counseling Service

Statement of Cash Flows

<i>Year Ended June 30, 2022 (with comparative totals for 2021)</i>	2022	2021
Operating Activities:		
Change in net assets	\$ (1,327,757)	\$ 2,290,882
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Forgiveness of Paycheck Protection Program loan	(1,365,049)	(1,293,606)
Depreciation and amortization	36,702	79,225
Permanently restricted contributions	(10,000)	(10,000)
Net realized and unrealized gains on investments	(437,650)	(221,579)
Provision for doubtful accounts	6,442	15,135
Discount on long-term receivables	(38,990)	38,299
Loss on disposal of fixed assets	66,515	
Changes in operating assets and liabilities:		
Accounts and contracts receivable	(1,289,500)	(312,302)
Contributions receivable	2,025,868	(901,048)
Prepaid expenses and other assets	(416,742)	223,041
Accounts payable and accrued expenses	(7,918)	110,357
Accrued salaries and related expenses	131,081	108,484
Deferred revenue	107,218	(239,678)
Deferred rent		(150,708)
Net cash used by operating activities	(2,519,780)	(263,498)
Investing Activities:		
Purchases of investments	(24,396)	(107,552)
Proceeds from sale of investments	646,042	
Purchases of fixed assets	(23,686)	(21,875)
Net cash provided (used) by investing activities	597,960	(129,427)
Financing Activities:		
Collections of permanently restricted contributions	10,000	10,000
Paycheck protection program loan proceeds		1,365,049
Payments on note payable	(69,129)	(63,258)
Net cash (used) provided by financing activities	(59,129)	1,311,791
Change in Cash and Cash Equivalents	(1,980,949)	918,866
Cash and Cash Equivalents, beginning of year	6,628,298	5,709,432
Cash and Cash Equivalents, end of year	\$ 4,647,349	\$ 6,628,298
Supplemental Cash Flow Information:		
Interest paid	\$ 27,884	\$ 33,108

See accompanying notes to the financial statements.

Jewish Vocational and Career Counseling Service

Notes to the Financial Statement

Note 1 - **Organization and Summary of Significant Accounting Policies:**

Jewish Vocational and Career Counseling Service (JVS) transforms lives by helping people build skills and find jobs to achieve self-sufficiency and economic mobility. JVS provides the hard skills, work readiness training, on-the-job training and placement support services to position its clients for career path jobs and brighter economic futures. JVS serves over 2,500 people annually in the San Francisco Bay Area and beyond across three strategies: Career Pathway Training Programs, Job Search Support and Job Readiness. JVS is an essential part of the Bay Area human service delivery network and is widely recognized as a leader in the field of workforce development known for innovation, effective programs, and successful partnerships.

JVS's primary source of revenue is from government contracts, grants, and contributions from the general public.

Programs:

Job Search Support

JVS's Job Search Support is an intensive and personalized program that equips participants with the skills and job search strategies they need to be successful in their job search. In this course, job seekers learn how to identify their strengths and accomplishments to improve their pitch, tailor their resumes, and practice interviewing and networking with a supportive and engaging cohort. Each course includes virtual mock interviews with local employers. JVS also provides standalone job skill-building and stabilization workshops to meet the urgent needs of job seekers.

Career Pathway Training Programs (Pathways Support)

JVS's Career Pathways Training Programs provide effective solutions to the Bay Area inequality crisis by connecting low-income job seekers with the skills, work experience, and connections necessary to secure career path jobs. Through this approach, JVS bridges the gap between employer hiring needs and job seeker skill needs, resulting in improved economic mobility and a larger hiring pool of highly qualified and motivated employees for employers. JVS focuses its training program to align with the fastest growing industries in the area with the most significant numbers of middle-skill jobs: healthcare, technology, and utilities.

Jewish Vocational and Career Counseling Service

Notes to the Financial Statement

Job Readiness (High School and Bridge Programs)

JVS's High School and Bridge (HSB) Program supports San Francisco youth aged 14 to 24 through comprehensive employment services along targeted career pathways. JVS provides high school students with career exploration, job-shadowing opportunities, work-based learning, and educational support to support youth in gaining job skills and experience, completing high school, and entering post-secondary education. JVS's work with youth includes the Work Resource Program (WRP), School Partner Program (SPP) and Youth Transition Pathways (YTP). Each of these programs engages students differently and establishes a continuum across schools and needs. WRP and SPP take place in high schools, while YTP bridges post-high school transitions into employment and/or post-secondary education.

A summary of JVS's significant accounting policies applied in the preparation of the accompanying financial statements follows:

a. Accounting and Basis of Presentation

JVS uses the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions

The portion of net assets that is neither subject to time nor donor-imposed restrictions may be expended for any purpose in performing the objective of JVS. Net assets without donor restrictions may be designated for use by management or the Board of Directors.

Net Assets With Donor Restrictions

The portion of net assets limited by donor-imposed stipulations are restricted until the restrictions either expire by passage of time or are fulfilled and removed by actions of JVS. Net assets with donor restrictions also include a portion of net assets whose use has been restricted for investment in perpetuity. The income from these assets is available for either general operations or specific programs as specified by the donor.

b. Revenue Recognition

Contributions are recognized at their fair value when the donor makes an unconditional promise to give to JVS. Contributions that are restricted by the donor, and grants and contracts are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions, grants, and contracts are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Jewish Vocational and Career Counseling Service

Notes to the Financial Statement

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows when a material impact is noted and are discounted at an appropriate discount rate. Amortization of the discounts is included in contribution revenue. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

A portion of the JVS's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or incurring qualifying expenses. Amounts received are recognized as revenue when JVS has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the Statement of Financial Position. Amounts earned as of June 30, 2022 are included in accounts and contracts receivable. Grants are expected to be fully collectible in the upcoming year. JVS has been awarded cost reimbursable grants of approximately \$1,654,000 that have not been recognized at June 30, 2022 because qualifying expenditures have not yet been incurred.

Program service and client fees are recognized when JVS performs the required services or has met the performance obligation.

c. Cash and Cash Equivalents

Cash and cash equivalents, for the purposes of the Statements of Financial Position and Cash Flows, consist of amounts held with banks, highly liquid money market funds, and other investments with a maturity of three months or less.

d. Contributions, Government Contracts Receivables

Accounts receivable are stated at the amount management expects to collect from outstanding balances. JVS uses the allowance method to determine uncollectible receivables. The allowance is based on prior years' experience and management's analysis of specific promises made.

Government contracts receivable of \$2,325,878 are expected to be collected during June 30, 2023 and are recorded net of an allowance of \$65,005.

e. Investments

All debt and equity securities with readily determinable market values are carried at estimated fair value based on market prices. Unrealized gains and losses are included in the change in net assets. Gains and losses are recognized in the Statement of Activities and Changes in Net Assets in the period such fluctuations occur. Dividend and interest income are accrued when earned.

Jewish Vocational and Career Counseling Service

Notes to the Financial Statement

f. Fair Value Measurements

JVS carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. JVS classifies its financial assets and liabilities according to three levels and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 - Observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset or liability that are not corroborated by market data.

g. Fixed Assets

Fixed assets are recorded at cost. JVS capitalizes all expenditures for equipment in excess of \$5,000. Donated fixed assets are carried at the approximate fair value at the date of donation. Asset lives range from two to ten years. Leasehold improvements are amortized over the life of the lease or the useful life of the asset, whichever is shorter. Depreciation is computed using the straight-line method over the shorter of the useful lives or the lease term. Depreciation and amortization expense for the year ended June 30, 2022 was \$36,702.

h. Donated Services and Software

Contributions of donated noncash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

In-kind donations are comprised primarily of services of \$901,204, internship stipends of \$959,234, supplies of \$177,000, rent of \$4,400, and outreach ads of \$4,200. The Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States. The value of legal, advertising, internship stipends, and software licenses is based on market rates typically charged for those items in the normal course of business for similar services and products. These donations have been reflected by their natural expense classification in the Statement of Functional Expenses.

Jewish Vocational and Career Counseling Service

Notes to the Financial Statement

The total in-kind contributions, were utilized in the following functional areas:

Pathway Support	\$ 1,562,086
Job Readiness & Job Search Support	282,511
Management & General	201,066
Development	375
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	\$ 2,046,038

A number of unpaid volunteers have made significant contributions of their time to JVS. However, the value of these services is not reflected in these statements because the criteria for recognition have not been satisfied.

i. Allocation of Functional Expense

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Shared and indirect costs have been allocated among the programs based on square footage occupied for shared expenses and based on total personnel costs for program management and administration costs.

j. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

k. Prior Year Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include the sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with JVS's financial statements for the year ended June 30, 2021 from which the summarized information was derived.

l. Tax Exempt Status

JVS is recognized by the Internal Revenue Service as an organization exempt from income taxes on related activities under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code.

Management evaluated JVS's tax positions and concluded that JVS had maintained its tax-exempt status and had not taken uncertain tax positions that required adjustment to or recognition in the financial statements.

Jewish Vocational and Career Counseling Service

Notes to the Financial Statement

m. Recent Accounting Pronouncements

Pronouncement Adopted:

In September 2020, the FASB issued ASU 2020-07 *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. JVS adopted the pronouncement and has included expanded disclosure in the footnotes for contributed nonfinancial assets.

Pronouncements Effective in the Future:

In February 2016, the FASB issued ASU 2016-02 - *Leases* (Topic 842). Under the ASU, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than twelve months for the rights and obligations created by those leases. The ASU is effective for fiscal years beginning after December 15, 2021. Early application will be permitted for all organizations. JVS is currently evaluating the impact of this pronouncement on its financial statements.

n. Subsequent Events

JVS evaluated subsequent events with respect to the financial statements for the year ended June 30, 2022 through December 14, 2022, the date these financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

Jewish Vocational and Career Counseling Service

Notes to the Financial Statement

Note 2 - Contributions Receivable:

Contributions receivable, net of discounts applied to those due beyond one year, are summarized as follows at June 30, 2022:

Unconditional promises expected to be collected in:	
Less than one year	\$ 958,747
One to five years	89,872
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	1,048,619
Unamortized discount	(3,764)
	<hr/>
Total	\$ 1,044,855

JVS had been awarded approximately \$1,167,000 in conditional contributions (not including federal grants) at June 30, 2022. The contributions are conditional upon attaining certain program achievements and other criteria and therefore have not been recorded at year end.

Note 3 - Investments and Fair Value Measurements:

Investments (Level 1):

Investments consisted of the following at June 30, 2022:

Cash and cash equivalents	\$ 68,126
Mutual funds:	
Fixed income	261,110
U.S. equity funds	702,623
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Total	\$ 1,031,859

Investment income, net was comprised as follows for the year ended June 30, 2022:

Dividend and interest income	\$ 14,455
Realized and unrealized gain on investments	437,650
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Total investment income	\$ 452,105

Jewish Vocational and Career Counseling Service

Notes to the Financial Statement

Note 4 - Line of Credit:

JVS has a line of credit from Wells Fargo Bank with a credit limit of \$800,000. The line is secured by receivables and fixed assets. Interest is charged at the bank's prime rate with a floor of 5.00% per annum. There was no amount outstanding at June 30, 2022. The line of credit will expire in August 2023.

Note 5 - Notes Payable:

Jewish Community Federation:

JVS was one of fourteen agencies that jointly contribute to a single defined benefit retirement plan (the Plan) administered by the Jewish Community Federation of San Francisco, the Peninsula, Marin and Sonoma Counties (the JCF). On December 22, 2014, JVS terminated its defined benefit retirement plan effective July 1, 2015. During 2016, JVS paid cash towards its share of the unfunded liability and the remaining amount was converted to a note payable of \$1,055,946 held by the JCF. The note is unsecured and has an interest rate at 4.35% per annum with monthly payments of principal and interest of \$8,030 due until maturity in January 31, 2031. The amount outstanding at June 30, 2022 was \$646,850.

Scheduled principal payments on the note payable are as follows:

Year ending	
June 30:	
2023	\$ 69,080
2024	72,123
2025	75,435
2026	78,831
2027	82,378
Thereafter	269,003
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	\$ 646,850

Jewish Vocational and Career Counseling Service

Notes to the Financial Statement

Paycheck Protection Program:

During the year ended June 30, 2021, JVS received loan proceeds in the amount of \$1,365,049 with a maturity date of March 13, 2026 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provided loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses. The loans and accrued interest could be forgiven as long as JVS used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll and other personnel related levels. JVS completed the application process for forgiveness during the year ended June 30, 2022 and received forgiveness of the full amount of the loan and accrued interest on March 7, 2022. JVS recognized income for the full value of the loan in the Statement of Activities and Changes in Net Assets for the year ended June 30, 2022.

Note 6 - Endowment:

JVS's endowments include donor-restricted endowment funds established to support JVS's long-term operations. Net assets associated with this endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of JVS 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, JVS classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The accumulated earnings on the endowment are held until those amounts are appropriated for expenditure by JVS in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, JVS 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 JVS 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 JVS, (7) the investment policies of JVS.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or SPMIFA requires JVS to retain as a fund of perpetual duration. In accordance with U.S. GAAP, any deficiencies would be classified as net assets with donor restrictions. There were no such deficiencies as of June 30, 2022.

Jewish Vocational and Career Counseling Service

Notes to the Financial Statement

Return Objectives, Risk Parameters and Spending Policy

JVS has adopted investment and spending policies for endowment assets that will ultimately provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to exceed the yield of relevant indexes while assuming a moderate level of investment risk. The Board elected not to apply a spending policy on the earnings on the endowed assets and to accumulate earnings in order to grow the endowment fund.

Changes in endowment net assets were as follows for the fiscal year ended June 30, 2022:

	<u>Time and Purpose Restrictions</u>	<u>Perpetual Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 584,805	\$ 618,445	\$ 1,203,250
Investment return:			
Dividend and interest income	14,363		14,363
Realized and unrealized loss	(144,608)		(144,608)
Total investment return	(130,245)		(130,245)
Contributions		10,000	10,000
Endowment net assets, end of year	\$ 454,560	\$ 628,445	\$ 1,083,005

In October 2015, JVS's Board of Directors voted to appropriate \$120,269 from the endowment; and borrow \$272,609 from the endowment's corpus to reduce JVS's liability in a defined benefit retirement plan obligation, which was retired in 2015. The loan from the endowment is payable with interest charged at 1.66% per annum compounded quarterly through 2024. During the year ended June 30, 2022, JVS repaid \$34,244 of principal, resulting in a remaining outstanding balance of \$77,091 at year end. Quarterly payments and interest are transferred to the related investment account.

Jewish Vocational and Career Counseling Service

Notes to the Financial Statement

Note 7 - Net Assets With Donor Restrictions:

Net assets with donor restrictions were restricted for the following purposes as of June 30, 2022:

Purpose restricted:	
Pathway Programs	\$ 335,317
Partnerships	298,996
Organizational development	18,331
	<hr/>
	652,644
Endowment earnings	454,560
Endowment corpus	628,445
Time restricted	3,168,749
	<hr/>
Total	\$ 4,904,398

Net assets with donor restrictions were released from donor restrictions as follows during the year ended June 30, 2022:

Purpose restricted:	
Pathway Programs	\$ 960,116
Partnerships	85,004
Job Readiness	370,000
Organizational development	188,169
CEO Innovation fund	245,532
Other	37,568
Time restricted	3,307,060
	<hr/>
Total	\$ 5,193,449

Jewish Vocational and Career Counseling Service

Notes to the Financial Statement

Note 8 - Availability of Financial Assets and Liquidity:

JVS's financial assets available to meet general expenditures over the next twelve months were as follows:

Financial assets at yearend:	
Cash and cash equivalents	\$ 4,647,349
Accounts and contracts receivable	2,260,873
Contributions receivable	1,044,855
Investments	1,031,859
<hr/>	
Total financial assets	8,984,936
<hr/>	
Less amounts not available to be used within one year:	
Net assets with donor restrictions:	
Time or purpose	(3,821,393)
Endowment earnings and corpus	(1,083,005)
Add net assets with restrictions to be met in less than a year	3,821,393
<hr/>	
	(1,083,005)
<hr/>	
Financial assets available to meet general expenditures over the next twelve months	\$ 7,901,931

JVS strives to maintain financial assets to meet 90 days of operating expenses (approximately \$3,250,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit. Certain financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the date of the financial statements. JVS also maintains a line of credit to be used for operations as needed, described in Note 4.

Note 9 - Commitments and Contingencies:

a. Operating Leases

JVS leases offices and office equipment under operating leases expiring through October 2032. Part of the office space is subleased under an operating lease expiring in February 2023.

Jewish Vocational and Career Counseling Service

Notes to the Financial Statement

Estimated minimum future rental payments under noncancelable operating leases are approximately as follows:

Year Ending June 30,	Commitment <u>Payments</u>	Sublease <u>Payments</u>	Net <u>Payments</u>
2023	\$ 241,000	\$ 20,000	\$ 221,000
2024	368,000		368,000
2025	901,000		901,000
2026	928,000		928,000
2027	956,000		956,000
Thereafter	5,601,000		5,601,000
Total	\$ 8,995,000	\$ 20,000	\$ 8,975,000

For the fiscal year ended June 30, 2022, rent paid under these operating leases was \$1,416,318 and sublease income received was \$122,400.

b. Contingencies

JVS's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. Management believes the ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, JVS has no provision for the possible disallowance of program costs on their financial statements.

Jewish Vocational and Career Counseling Service

Notes to the Financial Statement

Note 10 - Retirement Plans:

Jewish Vocational Services Transitional 403(b) Plan (the “Transitional Plan”), a defined contribution plan under IRC 403(b), was put into place effective January 1, 2008. The Transitional Plan allows employees hired before January 1, 2003, with the exception of two employees, with at least one hour of service and who are regularly scheduled to work 21 or more hours per week to contribute through payroll deductions. Under the Transitional Plan, JVS provides contributions of 1% to 12% based on age, years of service, and job title at the time the Transitional Plan was implemented. JVS’s contributions to the Transitional Plan totaled \$4,167 for the year ended June 30, 2022.

Jewish Vocational Services 403(b) Plan (the “Plan”), a defined contribution plan under IRC 403(b), was put into place effective January 1, 2008. With the exception of one employee, all employees who are eligible to participate in the Transitional Plan are not eligible to participate in the Plan. The Plan allows all employees who are regularly scheduled to work 21 or more hours per week to contribute through payroll deductions. Under the Plan, JVS provides a 3% contribution for all employees, plus a maximum matching contribution of up to 3% of the participant’s compensation. JVS’s contributions to the Plan totaled \$193,896 for the year ended June 30, 2022.

JVS provides postretirement health care benefits for a senior executive employee based on an agreement dated May 5, 2019. The executive and spouse are eligible for health care and dental benefits paid for by JVS; the benefits will terminate upon the expiration of the executive. The future health care and dental benefit obligation at June 30, 2022 was \$171,888 using a discount rate of 4% according to the Internal Revenue Service mortality tables. The liability is recorded as a component of accrued salaries and related costs in the Statement of Financial Position

Note 11 - Concentration of Credit Risk:

JVS has identified its financial instruments which are potentially subject to credit risk. The financial instruments consist principally of cash and receivables. Risks associated with cash and cash equivalents are mitigated by banking with creditworthy institutions. Periodically, throughout the year, JVS maintained balances in various operation and money market accounts in excess of federally insured limits.

All receivables consist primarily of unsecured amounts due from individuals, corporations, foundations, and government agencies. The credit risk associated with receivables is substantially mitigated by the large number of entities comprising the receivable balance and because 69% of the receivables were due from government agencies.

JVS received approximately 58% of its revenue (excluding in-kind donations) from government funding and accordingly is especially vulnerable to the inherent risks of budget cutbacks.