JEWISH FAMILY SERVICE OF ST. PAUL

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For The Year Ended
12/31/2020

JEWISH FAMILY SERVICE OF ST. PAUL
TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jewish Family Service of St. Paul
St. Paul, Minnesota

We have audited the accompanying financial statements of Jewish Family Service of St. Paul (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Family Service of St. Paul as of December 31, 2020, 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.

Report on Summarized Comparative Information

We have previously audited Jewish Family Service of St. Paul's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD
St. Paul, Minnesota

April 27, 2021

FINANCIAL STATEMENTS

JEWISH FAMILY SERVICE OF ST. PAUL
STATEMENT OF FINANCIAL POSITION **Statement 1**
December 31, 2020
With Comparative Amounts For December 31, 2019

	2020	2019
Assets:		
Current assets:		
Cash and cash equivalents	$268,787	$149,811
Accounts receivable, net	103,749	110,787
Grants and contributions receivable	192,970	71,317
Prepaid expenses	14,208	34,774
Total current assets	579,714	366,689
Property and equipment:		
Land	151,321	151,321
Building and improvements	1,167,138	1,167,522
Software	13,500	13,500
Furniture and fixtures	36,062	36,062
Total property and equipment	1,368,021	1,368,405
Less: accumulated depreciation	(606,388)	(586,298)
Net property and equipment	761,633	782,107
Noncurrent assets:		
Unemployment trust - net	38,810	32,944
Long-term investments	2,401,175	2,217,202
Total noncurrent assets	2,439,985	2,250,146
Total assets	$3,781,332	$3,398,942
Liabilities and net assets:		
Current liabilities:		
Accounts payable	$154,705	$94,824
Accrued expenses	190,260	233,750
Total current liabilities	344,965	328,574
Net assets:		
Without donor restrictions:		
Undesignated	501,083	87,333
Designated by Board	841,900	841,900
Investment in property and equipment	761,633	782,107
Total without donor restrictions	2,104,616	1,711,340
With donor restrictions:		
Purpose or time restrictions	691,303	745,769
Perpetual in nature	640,448	613,259
Total with donor restrictions	1,331,751	1,359,028
Total net assets	3,436,367	3,070,368
Total liabilities and net assets	$3,781,332	$3,398,942

The accompanying notes are an integral part of these financial statements.

JEWISH FAMILY SERVICE OF ST. PAUL
STATEMENT OF ACTIVITIES **Statement 2**
For The Year Ended December 31, 2020
With Comparative Totals For The Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Totals 2020	Totals 2019
Public support and revenue:				
Public support:				
Jewish Federation of Greater St. Paul	$292,739	$ -	$292,739	$176,406
Meals on Wheels support	24,869	-	24,869	22,994
PPP loan forgiveness	403,000	-	403,000	-
Other grants and contributions	492,995	55,040	548,035	825,885
Total public support	1,213,603	55,040	1,268,643	1,025,285
Revenue:				
Program service fees	2,246,423	-	2,246,423	2,003,236
Meals on Wheels client fees	48,078	-	48,078	36,768
Investment income	135,090	150,020	285,110	463,293
Miscellaneous revenue	-	-	-	2,050
Total revenue	2,429,591	150,020	2,579,611	2,505,347
Total public support and revenue	3,643,194	205,060	3,848,254	3,530,632
Net assets released from restrictions:				
Satisfaction of program restrictions	232,337	(232,337)	-	-
Total public support, revenue and releases	3,875,531	(27,277)	3,848,254	3,530,632
Expenses:				
Program services:				
Counseling and early intervention	137,257	-	137,257	147,846
Aging and disability services	2,026,064	-	2,026,064	2,125,526
Community programming	589,061	-	589,061	368,538
Total program services	2,752,382	0	2,752,382	2,641,910
Supporting services:				
Management and general	590,190	-	590,190	553,837
Fundraising	128,224	-	128,224	140,115
Total supporting services	718,414	0	718,414	693,952
Total expenses	3,470,796	0	3,470,796	3,335,862
Revenues over (under) expenses	404,735	(27,277)	377,458	194,770
Other changes in net assets:				
Gain (loss) on disposal of property and equipment	(11,459)	-	(11,459)	-
Change in net assets	393,276	(27,277)	365,999	194,770
Net assets - beginning of year	1,711,340	1,359,028	3,070,368	2,875,598
Net assets - end of year	$2,104,616	$1,331,751	$3,436,367	$3,070,368

The accompanying notes are an integral part of these financial statements.

JEWISH FAMILY SERVICE OF ST. PAUL
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2020
With Comparative Totals For The Year Ended December 31, 2019

Statement 3

	Program Services				Supporting Services			Totals	
Expenses:	Counseling and Early Intervention	Aging & Disability Services	Community Programming	Total Program Services	Management and General	Fundraising	Total Supporting Services	2020	2019
Salaries and related expense:									
Salaries	$105,099	$1,367,669	$238,291	$1,711,059	$420,754	$91,570	$512,324	$2,223,383	$2,016,162
Employee benefits	9,960	199,860	30,543	240,363	34,026	9,465	43,491	283,854	360,082
Payroll taxes	8,202	97,873	12,098	118,173	28,397	7,899	36,296	154,469	141,961
Total salaries and related expense	123,261	1,665,402	280,932	2,069,595	483,177	108,934	592,111	2,661,706	2,518,205
Dues and subscriptions	285	7,728	3,875	11,888	1,322	-	1,322	13,210	17,698
Conferences and meetings	1,205	7,269	1,176	9,650	1,268		1,268	10,918	30,390
Occupancy	1,547	31,677	4,745	37,969	6,757	-	6,757	44,726	51,136
Insurance	414	8,313	1,270	9,997	1,809	-	1,809	11,806	19,864
Equipment rental and maintenance	119	2,490	365	2,974	519	-	519	3,493	9,354
Agency promotional activities	-	425	-	425	19,870	6,608	26,478	26,903	69,859
Mileage	5	6,147	789	6,941	546	-	546	7,487	35,458
Emergency and educational assistance	-	2,358	40,408	42,766	-	-	-	42,766	12,748
Program and professional fees	8,191	247,072	240,979	496,242	66,484	12,682	79,166	575,408	432,459
Program and office supplies	571	9,235	9,861	19,667	2,146	-	2,146	21,813	51,327
Telephone	418	8,379	1,281	10,078	1,823	-	1,823	11,901	26,018
Bad debt expense	-	7,296	-	7,296	(4,500)	-	(4,500)	2,796	22,185
Miscellaneous	150	389	36	575	4,207	-	4,207	4,782	5,409
Subtotal	136,166	2,004,180	585,717	2,726,063	585,428	128,224	713,652	3,439,715	3,302,110
Depreciation	1,091	21,884	3,344	26,319	4,762	-	4,762	31,081	33,752
Total expenses	$137,257	$2,026,064	$589,061	$2,752,382	$590,190	$128,224	$718,414	$3,470,796	$3,335,862

The accompanying notes are an integral part of these financial statements.

JEWISH FAMILY SERVICE OF ST. PAUL
STATEMENT OF CASH FLOWS **Statement 4**
For The Year Ended December 31, 2020
With Comparative Amounts For The Year Ended December 31, 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	$365,999	$194,770
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	31,081	33,752
Loss on disposal of property and equipment	11,453	-
Realized and unrealized (gain) loss on investments, net	(259,158)	(434,767)
Permanently restricted contributions	(29,669)	(700)
(Increase) decrease in accounts receivable	7,038	26,007
(Increase) decrease in grants and contributions receivable	(121,653)	(2,216)
(Increase) decrease in unemployment trust	(5,866)	(7,667)
(Increase) decrease in prepaid expenses	20,566	(14,739)
Increase (decrease) in accounts payable	59,881	57,542
Increase (decrease) in accrued expenses	(43,490)	45,876
Net cash provided by (used in) operating activities	36,182	(102,142)
Cash flows from investing activities:		
Additions to investment pool, including reinvested income	(24,815)	(42,412)
Withdrawals from investment pool	100,000	216,895
Purchase of property and equipment	(22,060)	-
Net cash provided by investing activities	53,125	174,483
Cash flows from financing activities:		
Endowment fund contributions	29,669	700
Net increase (decrease) in cash and cash equivalents	118,976	73,041
Cash and cash equivalents - beginning of year	149,811	76,770
Cash and cash equivalents - end of year	$268,787	$149,811

The accompanying notes are an integral part of these financial statements.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION AND NATURE OF ACTIVITIES

Jewish Family Service of St. Paul (the Organization) is a not-for-profit multi-service organization. Its mission: Inspired by Jewish values, Jewish Family Service of St. Paul helps individuals and families build on their strengths to develop the skills and confidence to meet life's challenges with dignity. This is achieved by delivering a focused array of human services, serving all people in the community with a special cultural sensitivity to Jewish people, and emphasizing responsive, accessible, collaborative and effective services. During most of 2020, all services were transitioned to remote or virtual due to the Coronavirus pandemic. All JFS services continued to meet contractual obligations and all clients continued to receive assistance.

B. DESCRIPTION OF PROGRAMS

Aging and Disability Services – the largest of the Organization's departments, provided services to over 1,490 adults, frail elders and persons with disabilities during 2020. Services include assessment, case management and intervention to help elders and disabled adults remain living at home, or in the least restrictive setting possible. Practically 100% of these individuals live at or below the poverty line. The Organization offers services and education to the caregivers of elderly family members, including our "Powerful Tools for Caregivers" training to learn how to keep themselves and their loved one healthy. The Organization's PEARLS (Program to Encourage Active and Rewarding Lives for Seniors) assesses and addresses mild to moderate depression symptoms in our senior population (55+). Seniors are encouraged to replace habits of inactivity and isolation with activities that are healthy, fun and bring meaning to their lives. The Organization's staff provided training to hundreds of individuals throughout a variety of corporate or community settings to increase awareness regarding dementia, with the goal to make our community and workplaces "dementia friendly". Through this training, participants learn about the progression of the disease and develop skills to help individuals living with dementia. The Organization also provides coaching to individuals living with dementia and their caregivers.

Counseling and Early Intervention – Counseling by licensed therapists helped 133 individuals and families identify and address areas of concern in relationships, dysfunctional behavior, and other crisis situations. Staff also work with children in grade school settings to help them develop healthy problem solving and conflict resolution skills.

Community Case Management – Through case management, employment counseling and emergency financial support in the form of grants and loans, JFS helped 131 individuals and families meet their basic needs and avoid eviction/foreclosure or utility shut-off, thanks in part to receiving COVID-19 emergency grants from the Otto Bremer Trust and the Jewish Federation of Greater St. Paul. The Organization also co-administers the Jewish Free Loan Program that provides zero-interest loans up to $7,500 to members of the community. Hundreds of individuals received referrals and brief consultation when phoning our agency with requests. The Organization provides this information and referral service when we are not able to provide all of the services requested or when other service providers may be more appropriate due to location or specialty.

Chaplaincy – The Organization's Chaplaincy program provides spiritual and moral support to people of all faiths, ages and backgrounds. Most services are provided to individuals and families facing end-of-life decisions.

Meals on Wheels – The Organization collaborates with the Jewish Federation of Greater St. Paul, Sholom Community Alliance and the Minnesota Jewish Community Center to deliver Kosher meals to the community. The number of meals delivered in 2020 increased significantly due to the pandemic, increasing to over 8,500 to isolated seniors throughout St. Paul.

Family Life Education – During 2020, the Organization co-sponsored the annual Mental Health Education Conference, virtual this year instead of in-person, that was attended by over 650 individuals, both local and from outside Minnesota. The Family Life Education program continued a bi-monthly group called "Next Chapter" for women considering transitions in their future. This group has become very popular and continues to grow. We also created "Sholom Baby", a program that welcomes newborns into the community and provides resources for the family.

Volunteer Engagement – The Organization utilizes volunteers to assist with the provision of our services, either one-on-one with clients or through group projects. In 2020, volunteers provided, packed and delivered necessary Passover supplies to 170 families who otherwise could not have celebrated the holiday due to lack of funds. Volunteers also provided, packed and delivered holiday gift baskets to 110 families to provide for a more joyous holiday season.

C. INCOME TAX STATUS

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar Minnesota statutes. The Organization is classified as a publicly supported organization and contributions to the Organization qualify as a charitable tax deduction for the contributor. Such organizations are subject to tax on unrelated business taxable income. The Organization has not had any material unrelated business income.

A tax expense or benefit from an uncertain income tax position (including tax-exempt status) may be recognized only when it is more likely than not that the position will be sustained upon examination by taxing authorities. Management believes the Organization has no uncertain income tax positions that would result in an accrual, expense or benefit under the more likely than not standard.

D. BASIS OF ACCOUNTING

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) in the United States of America.

E. FINANCIAL STATEMENT PRESENTATION

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

F. REVENUE AND REVENUE RECOGNITION

The Organization recognizes public support revenue when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend have been met.

The Organization has various government contracts that are generally cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures. Revenue without donor restrictions is recognized as qualifying expenditures are incurred, or other contractual conditions are met. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the determination is made.

There is no material amount of unrecorded conditional contributions or government contracts at December 31, 2020.

Program service fee revenues represent private payments and insurance-type reimbursements for services provided to individuals. Revenue is recognized at a point in time, when the services are provided. Changes in regulations, governmental funding or other negotiated contracts could result in changes in contract rates or reduction of services. Any such adjustments to the contract rates are recognized as an adjustment of the services when their effect becomes reasonably determinable.

G. ESTIMATES

The preparation of financial statements in conformity with GAAP requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. PROPERTY, EQUIPMENT AND DEPRECIATION

Property and equipment are recorded at cost or in the case of contributed property at the fair market value at the date of contribution. Expenditures greater than $1,000 for the acquisition of property and equipment are capitalized. Depreciation is computed using the straight-line method over estimated useful lives of the assets.

Buildings and improvements	5-40 years
Furniture and fixtures	3-7 years
Software	5 years

I. DONATED SERVICES, MATERIALS AND EQUIPMENT

Contributions of donated non-cash 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 value in the period received.

J. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll taxes, benefits, professional services, office expenses, insurance, technology, occupancy and depreciation, which are allocated on the basis of payroll estimates of time.

K. CASH AND CASH EQUIVALENTS

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less, excluding deposit accounts held with brokers.

L. INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and realized and unrealized gains and losses are reported as increase/decrease net assets without donor restrictions and net assets with donor restrictions in the reporting period in which the income and gains and losses are recognized.

M. ACCOUNTS RECEIVABLE

Accounts receivable are stated at net realizable value. Bad debts are provided on the reserve method based on historical experience and management's evaluation of outstanding receivables at the end of each year. When all collection efforts have been exhausted, the accounts are written off against the related allowance. Management has established an allowance for doubtful accounts at December 31, 2020 of $18,100.

N. GRANTS AND CONTRACTS RECEIVABLE

The Organization records unconditional promises to give that are expected to be collected within one year at not realizable value. Grants and contracts receivable at December 31, 2020 are expected to be fully collected within one year.

O. CREDIT RISK

Financial instruments which potentially subject the Organization to concentrations of credit risk are principally cash and cash equivalents. The Organization places its cash investment with a high quality financial institution. Although the balance may at times exceed the federally insured limits, the Organization has not experienced losses in these accounts and does not believe it is exposed to any significant credit risk.

P. COMPARATIVE 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 detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived. Certain prior year amounts have been reclassified to conform to current year presentation.

Note 2 LIQUIDITY AND AVAILABILITY

The Organization has $1,377,046 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash and cash equivalents of $268,787, investments of $772,730, receivables of $296,719, and net unemployment trust asset of $38,810. The Organization has excluded from investments available $1,246,545 related to endowment funds held and $381,900 for amounts designated for long term purposes. None of the other financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Organization has a goal to maintain financial assets, which consist of cash, on hand to meet 60 days of normal operating expenses, which are, on average, approximately $565,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. As more fully described in Note 7, the Organization also has a committed line of credit in the amount of $150,000, which it could draw upon in the event of an unanticipated liquidity need.

Note 3 INVESTMENTS

At December 31, 2020, the Organization held the following long-term investments:

Deposit accounts with broker	$40,261
Corporate bonds	297,399
Corporate stock	2,025,931
Other securities - REIT	37,584
Total	$2,401,175

Note 4 ENDOWMENTS

A. GENERAL

As of December 31, 2020, the Organization's endowment consists of 19 individual donor-restricted funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

B. INTERPRETATION OF RELEVANT LAW AND ACCOUNTING PRESENTATION

The Board of Directors of the Organization has interpreted the State of Minnesota's enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the Organization to consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds unless there are explicit donor stipulations to the contrary:

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

The Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

C. ENDOWMENT FUND SUMMARY

Endowment net assets for the Organization and supporting foundation endowment funds as of December 31, 2020 consisted of the following:

	With Donor Restrictions
Donor restricted:	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donors	$640,448
Accumulated investment gains	606,097
Total endowment funds	$1,246,545

Changes in endowment net assets for the year ended December 31, 2020 are as follows:

	With Donor Restrictions
Endowment net assets, December 31, 2019	$1,100,097
Investment return, net	142,006
Contributions received	29,669
Appropriation of endowment assets for expenditure	(25,227)
Endowment net assets, December 31, 2020	$1,246,545

D. INVESTMENT RETURN OBJECTIVES AND RISK PARAMETERS

The Organization has an investment policy to ensure fiduciary oversight of invested resources. The overall objective of the policy is to grow real assets to ensure the long-term asset base for the Organization. This must be done with a balanced investment approach to adjust for anticipated disbursements, inflation and overall economic conditions. The expectation is that investment returns will meet or exceed the model portfolio benchmarks over the past three years.

E. STRATEGIES EMPLOYED FOR ACHIEVING INVESTMENT OBJECTIVES

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

For the Organization's endowment funds:

1. A growth and income objective will be followed with a moderate risk tolerance.
2. The time horizon for investments is long term. The expectation is that the actual returns meet or exceed portfolio benchmarks over at least 3 years, utilizing a model allocation of 60% equities and 35% fixed income with a flexible variance of plus or minus 5%. This model portfolio helps define the relative level of risk the organization deems appropriate along with an expected return relative to the benchmarks defined.
3. The equity component will be allocated among large cap, mid cap, small cap, value and growth styles, real estate, and international funds in consultation with the Organization's Investment Committee.
4. The benchmark return will continue to be the weighted average of the indices currently used for the asset subclasses.

F. SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO THE SPENDING POLICY

At the direction of the Board of Directors, the amount that may be distributed from permanently restricted (endowment) funds will be no more than 5% of the rolling average value per year as defined below. The specific amount of the release will be recommended to the Board of Directors by the Finance Committee. The rolling average value will be calculated by adding the total value of the endowments at the end of each of the last 12 quarters and dividing by 12. For distributions, this calculation will be made on June 30 of the current calendar year and will be used as the basis for the next years' budget. The principle of the policy is to keep the original endowment gift (corpus) intact. Additionally, any specific requirements from the original donors must be honored in terms of use and distribution of the funds.

G. FUNDS WITH DEFICIENCIES

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported as unrestricted net assets. There were no funds in a deficit position as of December 31, 2020.

Note 5 NET ASSETS

A. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions at December 31, 2020 consisted of the following:

Undesignated	$501,083
Designated by Board for mission-based initiative fund	141,900
Designated by Board for capital building fund	240,000
Designated by Board for operating contingency fund	460,000
Investment in property and equipment	761,633
Total	$2,104,616

The guiding principles for maintaining balances of board designated funds are first, to ensure the Organization has sufficient cash to survive financial emergencies; second, to be able to maintain, repair and update their building and vital equipment, and, third, to enable the Organization to seize opportunities from time to time that align with its mission and which require either short-term unbudgeted spending or an independent funding source for upcoming annual budgets.

Each year during the budgeting process, the Finance Committee will review and make recommendations to the Board concerning rebalancing total reserves. Allocations of net operating surpluses and other forms of unrestricted revenue will be made in the following order: First, to the Undesignated Fund up to the target level of $75,000; second, to the Operating Contingency fund, up to the target level for full contingency coverage (currently set at six times the current fiscal year's monthly administrative expenses); third, to the Building Maintenance fund, up to the target level of coverage (currently set at $240,000; and fourth, to the Mission-based Initiatives Fund.

The increase in the Organization's undesignated balance during 2020 is a direct result cost cutting measures implemented as a result of the COVID-19 pandemic as well as obtaining and spending down the funds of the PPP Loan. The undesignated balance as of December 31, 2020 will be rebalanced in 2021 through the annual process noted above.

B. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2020:

Subject to expenditure for a specified purpose:	
Free loans	$46,274
Holocaust Survivors	19,609
Vocational scholarships	15,000
Cancer patients	3,770
Youth	433
Home chore	120
	85,206
Endowments:	
Subject to JFS endowment spending policy and appropriation	640,448
Subject to appropriation and expenditure when a specified event occurs	606,097
	1,246,545
Total	$1,331,751

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by the donors as follows for the year ended December 31, 2020:

Program restrictions accomplished	$123,723
Time restrictions expired	83,387
Release of appropriated endowment returns	25,227
Total	$232,337

Note 6 CONCENTRATION OF REVENUE

The Organization receives a significant amount of support from program service fee revenue from governmental agencies. Any change in the level of funding from these entities could affect the activities of the Organization.

Note 7 LINE OF CREDIT

The Organization has a $150,000 line of credit with Bremer Bank through February 3, 2023. The line of credit is collateralized by the assets of the Organization. Interest accrues daily at an annual rate equal to the prime rate plus 1%, with a minimum rate of 4.5%, and an effective rate at December 31, 2020 of 4.5%. Covenants of the loan require the Organization to maintain a minimum of $300,000 in unrestricted cash, cash equivalents, or marketable securities at all times. There was no outstanding balance at December 31, 2020.

Note 8 DEFINED CONTRIBUTION PLAN

The Organization has a 403(b) thrift plan with Mutual of America Life Insurance Company. The plan includes all employees who work a minimum of twenty hours per week, are twenty-one years of age, and have completed one year of service. The Organization matches 100% of the employee's contribution up to a maximum of 2% of salary. During December 31, 2020, the Organization's matching contributions were $28,112.

Note 9 FAIR VALUE MEASUREMENTS

Under GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy categorized into three levels based on the inputs used. Generally, the three levels are as follows:

- Level 1 – Quoted prices in active markets for identical assets.
- Level 2 – Significant other observable inputs.
- Level 3 – Significant unobservable inputs.

Assets or liabilities that are measured at fair value on a recurring basis are as follows at December 31, 2020:

	Level 1	Level 2	Total
Investments:			
Corporate bonds	$ -	$297,399	$297,399
Corporate stock	2,025,931	-	2,025,931
Other securities - REIT	37,584	-	37,584
	$2,063,515	$297,399	$2,360,914

Corporate stock, including the REIT investments are valued using quoted prices in active markets. Corporate bonds are valued using data which may include market data and/or quoted market prices from markets that are not active or are for the same or similar assets in active markets.

Note 10 PAYCHECK PROTECTION PROGRAM LOAN

On April 8, 2020, the Organization entered into an unsecured loan agreement with Bremer Bank (the Lender) for $403,000, through the U.S. Small Business Administration (SBA) pursuant to the Paycheck Protection Program (PPP) created by section 1102 of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The loan proceeds are to be used for payroll costs, payments on mortgage interest, rent, utilities, and interest on other debt obligations, with at least 60% of the amount to be used for payroll costs. The Organization elected to account for this loan as a conditional contribution under FASB ASC 958-605 and has recognized the full amount as revenue in 2020, since all qualifying expenditures were incurred and the SBA granted full forgiveness on November 10, 2020.

Note 11 UNEMPLOYMENT TRUST

The Organization self-insures for Minnesota unemployment via the Unemployment Services Trust. The Unemployment Trust balance per contract would be fully refunded to the Organization upon payment of all outstanding unemployment claims. The balance of the Unemployment Trust is based on an estimate of actual claims. The net recorded balance at December 31, 2020 was $38,810 which consists of a gross balance of $38,810 less estimated claim incurred of $0.

Note 12 SUBSEQUENT EVENTS AND UNCERTAINTIES

Management has evaluated subsequent events through April 27, 2021, the date that the financial statements were available to be issued.

The COVID-19 pandemic continues to cause disruptions worldwide. Management has evaluated these conditions and believes that is it not possible to reasonably estimate the financial impact, if any, on the Organization's future operations.