Jewish Family and Children's Services

OF SAN FRANCISCO, THE PENINSULA, MARIN AND SONOMA COUNTIES

Report of Independent Auditors and
Consolidated Financial Statements

June 30, 2025
(with Summarized Comparative Information for
Year Ended June 30, 2024)

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Report of Independent Auditors

The Board of Directors
Jewish Family and Children's Services

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Jewish Family and Children's Services (JFCS), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Jewish Family and Children's Services as of June 30, 2025, and the changes in their net assets and their 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of JFCS 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 consolidated 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 JFCS' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about JFCS' 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.

Other Matter

Prior Period Summarized Comparative Information

We have previously audited JFCS' 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 6, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Baker Tilly US, LLP

San Francisco, California
December 4, 2025

Consolidated Financial Statements

Jewish Family and Children's Services
Consolidated Statement of Financial Position
June 30, 2025
(with Summarized Comparative Information at June 30, 2024)

	2025	2024
ASSETS		
Cash and cash equivalents	$ 2,212,200	$ 2,272,177
Accounts receivable, net	2,626,954	2,054,516
Contributions receivable, net	26,452,620	34,222,886
Notes receivable, net	310,970	397,414
Prepaid expenses and deposits	876,867	645,034
Assets held in split-interest agreements	8,497,862	8,187,851
Investments	101,052,979	86,522,692
Property and equipment, net	110,116,636	99,207,370
Deferred compensation assets	409,336	437,526
Right-of-use assets - operating	1,740,172	1,839,035
Right-of-use assets - finance	496,470	265,414
Total assets	$ 254,793,066	$ 236,051,915
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 9,661,788	$ 9,551,095
Notes payable	18,344,821	14,730,462
Liabilities under split-interest agreements, net	4,762,281	4,905,840
Deferred compensation liability	409,336	437,526
Lease liabilities - operating	1,740,172	1,839,035
Lease liabilities - finance	521,739	283,678
Total liabilities	35,440,137	31,747,636
NET ASSETS		
Without donor restrictions	109,848,815	104,444,701
With donor restrictions	109,504,114	99,859,578
Total net assets	219,352,929	204,304,279
Total liabilities and net assets	$ 254,793,066	$ 236,051,915

Jewish Family and Children's Services
Consolidated Statement of Activities
Year Ended June 30, 2025
(with Summarized Comparative Information for Year Ended June 30, 2024)

	Without Donor Restrictions	With Donor Restrictions	Total 2025	Total 2024
REVENUE, SUPPORT, AND GAINS				
Program service fees	$ 31,974,027	$ -	$ 31,974,027	$ 20,033,958
Grants and contributions	33,069,684	14,537,032	47,606,716	44,733,720
In-kind contributions - non-financial	141,874	-	141,874	522,862
Changes in value of split-interest agreements	148,653	236,465	385,118	490,338
Net investment return	3,252,293	6,046,138	9,298,431	7,808,927
Other revenues	638,204	-	638,204	554,376
Net assets released from restrictions	11,175,099	(11,175,099)	-	-
Total revenue, support, and gains	80,399,834	9,644,536	90,044,370	74,144,181
EXPENSES				
Program services	66,361,803	-	66,361,803	54,734,709
Supporting services:				
Management and general	4,977,405	-	4,977,405	4,867,941
Development	3,656,512	-	3,656,512	3,199,787
Total supporting services	8,633,917	-	8,633,917	8,067,728
Total expenses	74,995,720	-	74,995,720	62,802,437
Change in net assets before other change in net assets	5,404,114	9,644,536	15,048,650	11,341,744
Other change in net assets				
Inherent contribution	-	-	-	69,624,671
CHANGE IN NET ASSETS	5,404,114	9,644,536	15,048,650	80,966,415
NET ASSETS, beginning of year	104,444,701	99,859,578	204,304,279	123,337,864
NET ASSETS, end of year	$ 109,848,815	$ 109,504,114	$ 219,352,929	$ 204,304,279

See accompanying notes.

Jewish Family and Children's Services
Consolidated Statement of Functional Expenses
Year Ended June 30, 2025
(with Summarized Comparative Information for Year Ended June 30, 2024)

	Program Services						Supporting Services				
	Older Adults	Assisted Living	Children and Youth Services	Community Services	Adult Services	Total	Management and General	Development	Total	Total 2025	Total 2024
Salaries and wages	$ 14,841,294	$ 9,504,456	$ 4,884,139	$ 2,414,373	$ 3,036,020	$ 34,680,282	$ 2,538,274	$ 2,159,686	$ 4,697,960	$ 39,378,242	$ 31,996,605
Payroll taxes and benefits	3,673,779	3,268,333	968,021	503,756	687,085	9,100,974	380,939	533,667	914,606	10,015,580	7,449,098
Professional fees	5,090,725	865,274	865,687	408,023	407,755	7,637,464	304,657	424,704	729,361	8,366,825	8,165,201
Depreciation and amortization	432,428	1,291,022	411,031	138,768	542,913	2,816,162	430,573	77,896	508,469	3,324,631	2,260,363
Occupancy	500,064	1,508,589	460,531	143,173	277,668	2,890,025	281,562	84,578	366,140	3,256,165	2,582,326
Assistance to individuals	612,171	-	138,061	1,120,912	491,727	2,362,871	3,580	69	3,649	2,366,520	2,339,630
Supplies	132,854	1,840,080	62,511	40,084	95,252	2,170,781	15,515	40,593	56,108	2,226,889	1,196,156
Publicity	386,197	109,482	266,735	51,062	2,536	816,012	2,808	105,208	108,016	924,028	941,295
Conferences and meetings	45,056	25,592	62,867	296,792	30,998	461,305	346,370	67,010	413,380	874,685	568,107
Insurance	125,332	408,099	39,239	23,789	42,568	639,027	109,522	7,696	117,218	756,245	498,937
Transportation	559,727	12,491	30,799	48,721	10,374	662,112	3,178	2,149	5,327	667,439	571,354
Donor-advised grants	-	-	-	599,990	-	599,990	-	-	-	599,990	2,378,315
Interest	-	201,056	-	-	-	201,056	366,451	-	366,451	567,507	431,648
Telephone	220,748	50,043	106,981	34,575	68,104	480,451	24,725	25,997	50,722	531,173	452,064
Equipment rental and maintenance	68,550	128,923	63,859	17,864	33,598	312,794	28,008	6,728	34,736	347,530	269,810
Other expenses	119,741	51,203	15,743	3,194	43,561	233,442	76,299	2,758	79,057	312,499	217,300
Recruitment	118,895	43,810	9,554	2,922	17,102	192,283	1,478	1,839	3,317	195,600	185,168
Printing and publications	10,502	7,129	8,104	2,537	3,732	32,004	17,655	83,964	101,619	133,623	174,240
Dues	10,611	7,839	9,376	2,696	3,873	34,395	42,992	401	43,393	77,788	70,041
Postage and shipping	11,283	5,529	14,904	3,692	2,965	38,373	2,819	31,569	34,388	72,761	54,779
Total expenses by function	$ 26,959,957	$ 19,328,950	$ 8,418,142	$ 5,856,923	$ 5,797,831	$ 66,361,803	$ 4,977,405	$ 3,656,512	$ 8,633,917	$ 74,995,720	$ 62,802,437

See accompanying notes.

Jewish Family and Children's Services
Consolidated Statement of Cash Flows
Year Ended June 30, 2025
(with Summarized Comparative Information for Year Ended June 30, 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 15,048,650	$ 80,966,415
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	3,324,631	2,260,363
Inherent contribution, net of cash acquired	-	(68,902,742)
Write off of uncollectable accounts, notes, and contributions receivables	90,363	22,948
Change in allowance of uncollectible contributions receivable	122,382	(104,643)
Change in allowance for credit losses on accounts and notes receivable	(106,757)	(47,802)
Realized and unrealized gain on investments	(7,238,755)	(5,795,312)
Loss on sale of property and equipment	7,513	42,329
Changes in value of split-interest agreements	(385,118)	(490,338)
Contributions restricted for endowment	(3,635,811)	(1,596,972)
Contributions restricted to building project	(3,340,477)	(4,552,293)
Changes in discount on contributions and grants receivable	(389,256)	(104,393)
Changes in operating assets and liabilities:		
Accounts receivable	(583,955)	389,655
Grants and contributions receivable	7,978,336	(3,841,973)
Prepaid expense and deposits	(231,833)	557,598
Accounts payable and accrued expenses	110,693	587,397
Lease liabilities - operating	(98,863)	(94,706)
Net cash provided by (used in) operating activities	10,671,743	(704,469)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	8,553,805	25,233,838
Purchases of investments	(15,937,455)	(20,891,615)
Purchases of property and equipment	(13,990,942)	(9,806,013)
Issuance of notes receivable	(76,009)	(166,800)
Proceeds from payments of notes receivable	249,168	221,524
Payments to beneficiaries of split-interest agreements	(457,888)	(429,892)
Withdrawal from assets held under split-interest agreements	481,554	482,466
Net cash used in investing activities	(21,177,767)	(5,356,492)

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See accompanying notes.

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	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of contributions restricted to endowment	$ 3,635,811	$ 1,596,972
Collections of contributions restricted to investments in buildings	3,340,477	4,552,293
Proceeds from borrowing on notes payable	17,446,530	8,175,938
Principal paid on notes payable	(13,832,171)	(7,229,009)
Payments of lease liability - finance	(144,600)	(78,531)
Net cash provided by financing activities	10,446,047	7,017,663
NET CHANGES IN CASH AND CASH EQUIVALENTS	(59,977)	956,702
CASH AND CASH EQUIVALENTS, beginning of year	2,272,177	1,315,475
CASH AND CASH EQUIVALENTS, end of year	$ 2,212,200	$ 2,272,177
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Right-of-use finance lease assets obtained in exchange for finance lease liabilities	$ 382,661	$ 100,969
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Cash paid during the year for interest	$ 697,293	$ 423,069

Note 1 – Nature of Organization

Jewish Family and Children's Services, has been serving residents of San Francisco, the Peninsula, Marin and Sonoma Counties since it was founded in 1850. Guided by the Jewish values of *tzedakah* and *tikun olam* – social justice and repairing the world – Jewish Family and Children's Services is one of the oldest and largest family services organizations in the United States, serving over 120,000 people annually.

Jewish Family and Children's Services' mission is to provide professional and volunteer services for the purposes of developing, restoring, and maintaining the competency of families and individuals of all ages while emphasizing inter-generational ties and community responsibility.

On January 1, 2024, Scott Street Senior Housing Complex, Inc. (dba Rhoda Goldman Plaza), a California nonprofit public benefit corporation was merged into Jewish Family and Children's Services. On June 18, 2024, Rhoda Goldman Plaza, LLC, a California limited liability company, was formed to hold the assets related liabilities, and results of operations of Rhoda Goldman Plaza. Effective July 1, 2024, the net assets received from Scott Street Senior Housing Complex, Inc., were transferred to Rhoda Goldman Plaza, LLC, and Jewish Family and Children's Services became the sole member of Rhoda Goldman Plaza, LLC.

In furtherance of its mission, JFCS provides high-quality, research-based social services, therapeutic resources, residential services, and educational programs for people of all ages, faiths, and backgrounds. As a problem-solving center for children, families, and older adults, JFCS assists people as they face life transitions and personal crises in five core program areas.

- **Older adults** – JFCS helps older adults to live independently through its award-winning Seniors at Home program, which includes home care services, dementia care, palliative and end-of-life care, care management, healthcare advocacy, support for Holocaust survivors, counseling, adult day health care, meal delivery, fiduciary services, and other practical and spiritual support services.

- **Assisted living –** Through its Rhoda Goldman Plaza assisted living and memory care community, JFCS provides housing with supportive services for the elderly in an environment that promotes their independence at an affordable cost. Residents receive quality care tailored to their individual needs and enriched by Jewish tradition in an atmosphere dedicated to promoting health and well-being in mind, body, and spirit.

- **Children and youth services** – Through the Center for Children and Youth, JFCS improves the lives of children and families by providing a range of clinical mental health services for children and teens, parent coaching and education programs, training for child development professionals, and public policy advocacy. JFCS also helps families through its adoption agency, housing and advocacy programs, financial advice and assistance services, and youth educational and mentoring programs.

- **Community services** – JFCS provides community education programs, volunteer support services, bereavement and healing programs, spiritual support services, Holocaust education programs, individual emergency assistance, and other practical and emotional support services to the community at large.

- **Adult services** – JFCS offers services to adults through its financial assistance and small business loan program, college scholarship and student education loan program, counseling services, disability services program, domestic violence prevention program, independent living program, citizenship legal services, and other practical and emotional support services.

Principles of consolidation – The consolidated financial statements include the accounts the Jewish Family and Children's Services and its wholly owned subsidiary, Rhoda Goldman Plaza, LLC, collectively known as "Jewish Family and Children's Services" (JFCS). Intercompany balances and transactions have been eliminated in consolidation.

Note 2 – Significant Accounting Policies

Basis of accounting – The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Comparative financial information – The accompanying consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the audited financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Use of estimates – The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents – JFCS considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to permanent endowment or other long-term purposes are excluded from this definition.

Accounts receivable – Accounts receivable consists of noninterest-bearing amounts. JFCS provides for losses on accounts receivable using the current expected credit loss method. JFCS determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. Allowance for expected credit losses was $187,528 for the year ended June 30, 2025.

Grants and contributions receivable – JFCS records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in grants and contribution revenue in the consolidated statement of activities. JFCS determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections.

Notes receivable – Notes receivable consist of low-interest individual assistance and student financial aid loans. All student loans are subsidized loans and can be repaid at any time before graduation without interest. The loan period following graduation is typically three years with annual interest rates ranging between 2.75% and 6.54%. Students also have a nine-month grace period with no interest after their graduation. JFCS also makes noninterest-bearing emergency assistance loans. The total allowance for expected credit losses on notes receivable is estimated from historical performance and projections of trends and amounted to $446,995 for the year ended June 30, 2025.

Split-interest agreements – JFCS is a residual beneficiary of a number of split-interest agreements. These include charitable remainder trusts (CRT), charitable gift annuities (CGA), and pooled income funds (PIF). JFCS' net beneficial interest in the split-interest agreements is the difference between the assets and the liabilities. Assets held in split-interest agreements are recognized at estimated fair value and the corresponding liability for each split-interest agreement is the present value of the amount payable to the income beneficiary under terms of the agreement. In determining the present value, JFCS utilizes the 2012 Individual Annuity Reserve table, the estimated return on the invested assets, the contractual payment obligations under the agreements, and a discount rate reflective of current market conditions. The discount rate used for CRT and PIF was 6.0% and 4.5% for the CGAs.

Donor-advised funds – Individuals may establish donor-advised funds, whereby each fund and its related earnings may be distributed to charities recommended by the donor, subject to the approval of the Board of Directors. Donor-advised funds are classified as net assets without donor restrictions.

Investments – JFCS records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statement of financial position. Net investment return is reported in the consolidated statement of activities and consists of interest and dividend income, and realized and unrealized capital gains and losses, less investment expenses.

Property and equipment – Property and equipment is recorded at cost if purchased, or if donated, at fair value at the date of donation. The cost of assets purchased under $2,000 is charged to expense. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of assets ranging from 5 to 40 years or the shorter of lease term or useful life. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Costs and the related accumulated depreciation are eliminated from the accounts when an asset is retired.

Impairment of long-lived assets – JFCS reviews long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment would be recorded in circumstances where undiscounted cash flows expected to be generated by an asset are less than the carrying value of that asset. As of June 30, 2025, there were no events or changes in circumstances indicating the carrying amount of long-lived assets may not be recoverable.

Leases – JFCS leases office space, computers, and printers under operating and finance leases. Transactions give rise to leases when JFCS receives substantially all the economic benefits from and has the ability to direct the use of specified property and equipment. JFCS recognizes a lease liability and right-of-use (ROU) asset for all leases with an expected term greater than 12 months on its consolidated statement of financial position. JFCS has elected not to separate lease components from nonlease components. Lease ROU assets and liabilities are recognized on the consolidated statement of financial position at commencement date, which is the date JFCS gains access to the property or underlying asset. The lease liability is determined based on the present value of the minimum lease payments using a risk-free incremental borrowing rate in effect at the time of the lease commencement or the rate implicit in the lease. The ROU asset is determined based on the lease liability adjusted for lease incentives received. Lease expense is recognized on a straight-line basis over the lease term in the consolidated statement of activities. Certain optional renewal periods were not included in the determination of the lease liability and ROU asset if management determined it was not reasonably certain that the lease would be extended.

Income taxes – JFCS is organized as a not-for-profit corporation exempt from income tax under provisions of Internal Revenue Code §501(c)(3) and California Revenue and Taxation Code §23701d. Management has analyzed the tax positions taken by JFCS and has concluded that, as of June 30, 2025, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements. JFCS is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Net assets – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets 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. Also included in net assets without donor restrictions are donor-advised funds. As of June 30, 2025, there were no board-designated net assets.

- *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. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Donor-restricted contributions, conditional contributions, and appropriated endowment earnings received and expended in the same reporting period are recorded as net assets without donor restrictions.

Revenue and revenue recognition – JFCS recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. 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 JFCS' revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when JFCS incurs the expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statement of financial position.

JFCS recognizes revenue from program service fees when the performance obligations of transferring the products or providing the services are met.

In-kind contributions – In-kind contributions are recognized in accordance with the provisions of Accounting Standards Codification (ASC) Topic 958. Contributed services are recognized when the services received either (a) create or enhance a nonfinancial asset, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations. Contributed advertising and contributed legal services without donor restriction are valued at estimated fair value based on current rates for similar services and amounted to $130,403 and $11,471, respectively, for the year ended June 30, 2025. In-kind contributions were fully utilized in program services.

Functional allocation of expenses – The costs of providing JFCS' various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel, professional fees, and occupancy costs have been allocated based on time spent on each activity.

Advertising expense – Advertising costs are expensed as incurred. Total advertising expenses for the year ended June 30, 2025, were $1,052,714, which includes $130,403 of in-kind contributed advertising.

Note 3 – Liquidity and Funds Available

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following as of June 30, 2025:

Cash and cash equivalents	$ 2,212,200
Accounts receivable, net	2,626,954
Grants and contribution receivable, current, without donor restrictions	3,742,328
Investments without restriction	5,083,409
Estimated endowment earnings appropriated	1,749,366
Net financial assets available to meet cash needs for general expenditures	$ 15,414,257

JFCS regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. JFCS has various sources of liquidity at its disposal, including cash and cash equivalents and marketable debt and equity securities.

Note 4 – Financial Instruments and Credit Risk

JFCS manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, JFCS has not experienced losses in any of these accounts.

Investments are exposed to various risks, including interest rate, credit, and overall market volatility. JFCS maintains a formal investment policy that sets out investment guidelines including asset allocation guidelines and performance benchmarks for each of its investment managers. The investment managers and asset allocation are overseen by an Investment Committee that includes members and nonmembers of JFCS' Board of Directors and are reviewed by the Board of Directors.

Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and donors supportive of JFCS' mission. Investments are made by diversified investment managers whose performance is monitored by JFCS and the Investment Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, JFCS believes that the investment policies and guidelines are prudent for the long-term welfare of JFCS.

As of and for the year ended June 30, 2025, approximately 88% of grants and contribution receivable is from three donors and 60% of grants and contribution revenue are from four donors.

Note 5 – Contributions Receivable, Net

Contributions receivable, net consisted of the following at June 30, 2025:

Grants	$ 2,878,400
Contributions	25,232,240
Endowment promises to give	491,092
Contracts	788,628
Gross contributions receivable	29,390,360
Less: discount on net present value (3.46% to 5.03%)	(2,707,262)
Less: allowance for uncollectable promises to give	(230,478)
Contributions receivable, net	$ 26,452,620

As of June 30, 2025, contributions receivable are estimated to be collected as follows:

Within one year	$ 8,682,828
Within one to five years	15,665,867
Thereafter	5,041,665
Total estimated to be collected	$ 29,390,360

Note 6 – Investments and Fair Value Measurements

JFCS reports certain assets and liabilities at fair value in the consolidated financial statements. U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that JFCS can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, JFCS develops inputs using the best information available in the circumstances.

At June 30, 2025, JFCS held funds of $3,104,013 and $9,859,239 in private equity funds and a fund of funds, respectively, which are referred to as "alternative investments," whose values have been estimated by JFCS in the absence of readily ascertainable market values. The estimate of fair value is based on the net asset value (NAV) provided to JFCS by the alternative investment fund, supported by independently audited financial statements of the alternative investment fund, when available.

The following tables summarize JFCS' investments by the fair value hierarchy at June 30, 2025:

	Total	Level 1	Level 2	Level 3	NAV
Investments					
Highly liquid investments	$ 5,179,454	$ 5,179,454	$ -	$ -	$ -
Equity securities	50,821,872	50,821,872	-	-	-
Fixed income	32,088,401	4,680,158	27,408,243	-	-
Private equity funds	3,104,013	-	-	-	3,104,013
Fund of funds	9,859,239	-	-	-	9,859,239
Total investments	101,052,979	60,681,484	27,408,243	-	12,963,252
Split-interest agreements					
Money market	397,803	397,803	-	-	-
Certificates of deposit	130,814	-	130,814	-	-
Equity securities	5,225,110	5,225,110	-	-	-
Fixed income	2,744,135	274,029	2,470,106	-	-
Total agreements	8,497,862	5,896,942	2,600,920	-	-
Total	$109,550,841	$ 66,578,426	$ 30,009,163	$ -	$ 12,963,252

For the year ended June 30, 2025, net investment return consisted of the following:

Interest and dividend income	$ 2,325,579
Realized gain	571,803
Unrealized gain	6,666,952
Investment management fees	(265,903)
Net investment return	$ 9,298,431

Alternative investment strategy and redemption information – The investment strategy, commitments to additional capital contributions, and various features of the alternative investments in fund of funds as of June 30, 2025, are as follows:

Private equity funds:	
Fair value	$ 3,104,013
Unfunded commitments	$ 240,000
Redemption frequency	Following 3-year investment period, annual liquidity on 12/31
Redemption notice period	90 calendar days' notice
Holdback	None
Fund of funds:	
Fair value	$ 9,859,239
Unfunded commitments	$ -
Redemption frequency	June 30th and December 31st
Redemption notice period	95 days' prior written consent
Holdback	5% holdback for full redemption request

Private equity funds – This category includes one investment fund with an objective, through its investment in the Master Fund, to deliver risk-adjusted returns with lower volatility and low correlation relative to the public credit markets by investing in directly-sourced and privately negotiated secured debt issued by North American-based middle market firms. The investment holdings for private equity funds include investments in senior-secured debts, junior-secured debts, and equity securities valued at NAV.

Fund of funds – This category includes one investment fund with an objective, through its investment in the Master Fund, to produce long-term, risk-adjusted returns with low volatility and downside protection qualities by allocating and reallocating assets among a select group of nontraditional portfolio managers that invest or trade in a wide range of securities and other instruments. It employs various investment strategies to achieve its objective. The top five strategies employed by fund of funds include equities-fundamental, multi-strategy, residential mortgages, special situations, and quantitative strategies.

Note 7 – Property and Equipment, Net

As of June 30, 2025, property and equipment, net, consisted of the following:

Buildings	$ 86,794,254
Land	31,858,749
Furniture and equipment	8,257,544
Construction in progress	6,117,748
Computer equipment	1,920,791
Vehicles	1,292,740
Website/software in development	300,353
Leasehold improvements	84,798
Total property and equipment	136,626,977
Less: accumulated depreciation/amortization	(26,510,341)
Property and equipment, net	$ 110,116,636

Depreciation expense for the year ended June 30, 2025, was $3,074,199, and is included in depreciation and amortization on the accompanying consolidated statement of functional expenses.

Note 8 – Notes Payable

As of June 30, 2025, notes payable consisted of the following:

Chase Bank, secured by real property, monthly payments of $29,773 including interest at 3.20%, matures August 2030.	$ 5,280,582
Bernstein margin loans, secured by investments in securities held by investment firm, interest at 4.88%.	12,113,009
Jewish Community Federation, unsecured, monthly payments of $16,820 including interest at 3.0%, matures August 2030.	951,230
Total notes payable	$ 18,344,821

Maturities of notes payable are as follows as of June 30, 2025:

Years Ending June 30,		
2026	$	363,524
2027		375,130
2028		386,638
2029		399,450
2030		412,203
Thereafter		16,407,876
Total maturities	$	18,344,821

Note 9 – Net Assets with Donor Restrictions

As of June 30, 2025, net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for specified purpose		
Older adults	$	399,981
Children and youth services		5,673,333
Adult services		4,992,238
Holocaust Center capital campaign		26,133,786
Community services		5,027,996
Split interest agreements		2,337,421
Total specified purpose		44,564,755
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due		321,700
Perpetual in nature, not subject to spending policy or appropriation		
Beneficial interests in perpetual trusts		200,785
Endowment funds (Note 10)		64,416,874
Total net assets with donor restrictions	$	109,504,114

All net assets with donor restrictions, not perpetual in nature, are expected to be released from restriction by June 30, 2030.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors are as follows for the year ended June 30, 2025:

Satisfaction of purpose restrictions	
Adult services	$ 581,416
Older adults	2,419,492
Children and youth services	3,696,012
Community services	2,433,062
Holocaust Center capital campaign	101,642
Total satisfaction of purpose restrictions	9,231,624
Satisfaction of time restrictions	170,351
Endowment earnings appropriated	1,773,124
Total net assets releases from donor restrictions	$ 11,175,099

Note 10 – Endowment

For the year ended June 30, 2025, JFCS' endowment consists of 438 donor-restricted funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

JFCS' Board of Directors has interpreted the California enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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, JFCS classifies the endowment as net assets with donor restrictions which consist of (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 remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by JFCS in a manner consistent with the standard of prudence prescribed by UPMIFA.

Endowment spending policy – In accordance with UPMIFA, JFCS' Board of Directors considers the following factors in making a determination to appropriate funds for distribution:

1. The duration and preservation of the fund.
2. The purpose of JFCS 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 JFCS.
7. The investment policies of JFCS.

JFCS' Board of Directors has adopted a policy of appropriating for distribution each year no more than the weighted average of 70% of the previous year's appropriation adjusted for inflation and 30% of 4% of the fair value of endowment assets as of the measurement date.

In some years, economic conditions lead to distributions from endowment in excess of the Board appropriation. It is the policy of the JFCS' Board of Directors to consider excess distributions as temporary withdrawals from endowment and to maintain an ongoing plan for repayment of excess distributions to endowment.

Investment policy, strategies, and objectives – The Board of Directors has adopted investment and spending policies for endowment assets that are intended to provide a predictable stream of funding to programs supported by its endowment funds. Accordingly, it is the goal of the aggregate endowment fund assets (excluding assets segregated for split-interest gifts) to meet or exceed a real rate of return (inflation-adjusted) of 4% after fees and costs, but before annual spending.

Actual returns in any given year may vary from this amount. Endowment assets are invested in a well-diversified asset mix, which includes cash equivalents, fixed income securities, equity securities, mutual funds, exchange traded funds, and fund of funds. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed so that the fund is not exposed to unacceptable levels of risk.

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA, as interpreted by the JFCS' Board, requires JFCS to retain as a fund of perpetual duration. There are no deficiencies of this nature reported in net assets as of June 30, 2025.

As of June 30, 2025, assets restricted for endowment consisted of the following:

Investments	$ 63,623,500
Promises to give	491,091
Notes receivable	302,283
Total restricted for endowment	$ 64,416,874

As of June 30, 2025, endowment net assets with donor restrictions composition by type of fund are as follows:

Original donor-restricted gift	$ 55,351,026
Accumulated investment gains	9,065,848
Total endowment net assets with donor restrictions	$ 64,416,874

Changes in endowment net assets with donor restrictions for the year ended June 30, 2025, are as follows:

Balance, beginning of year	$	56,008,048
Net investment gain		6,046,138
Endowment contributions		4,135,811
Apportionment of endowment assets pursuant to spending rate policy		(1,773,123)
Balance, end of year	$	64,416,874

Note 11 – Retirement Plans

JFCS sponsors a defined-contribution plan organized as a qualified plan under IRS §403(b). Employees who elect to participate in the plan may make qualified contributions into the plan on a tax deferred basis. Eligible employees also receive an employer contribution. Under terms of the plan, the employer portion is funded subsequent to the end of each calendar year. JFCS records the employer share of retirement benefits as part of payroll taxes and benefits in the consolidated statement of functional expenses. Pension expense for the 403(b) defined-contribution plan was $1,936,663 for the year ended June 30, 2025.

JFCS has a 457(b) deferred compensation plan primarily for the purpose of providing deferred compensation for a select group of employees to accumulate retirement assets. The 457(b) plan enables participants to defer income on a pre-tax basis and is not matched with contributions from JFCS. The total market value of the 457(b) investments and the related deferred compensation obligation to employees included in the consolidated statement of financial position as of June 30, 2025, was $409,335.

Note 12 – Lease Commitments

JFCS leases program facilities under operating lease agreements expiring on various dates through July 2040. As of June 30, 2025, future minimum lease payments under operating leases obligations are summarized as follows:

Years Ending June 30,		
2026	$	135,110
2027		135,110
2028		135,110
2029		135,110
2030		135,110
Thereafter		1,362,362
Total lease payments		2,037,912
Less: present value discount		(297,740)
Operating lease liability, net	$	1,740,172

ROU operating asset amortization cost for year ended June 30, 2025, was $98,863.

The following table includes supplemental operating lease information as of and for the year ended June 30, 2025:

Weighted average remaining lease term (in years)	15.08
Weighted average discount rate	2.15%

JFCS also leases computer equipment and printers under finance lease agreements expiring on various dates through April 2030. As of June 30, 2025, future minimum lease payments under finance lease obligations are summarized as follows:

Years Ending June 30,		
2026	$	190,815
2027		145,449
2028		122,158
2029		96,776
2030		24,707
Total lease payments		579,905
Less: present value discount		(58,166)
Finance lease liability, net	$	521,739

ROU finance asset amortization for year ended June 30, 2025, was $151,604. Interest expense under finance lease agreements for the year ended June 30, 2025, was $35,920.

The following table includes supplemental finance lease information as of and for the year ended June 30, 2025:

Weighted average remaining lease term (in years)	3.67
Weighted average discount rate	7.34%

Note 13 – Related-Party Transactions

The Board members donated approximately $622,244 to JFCS during the year ended June 30, 2025. Of these amounts, $318,305 is included in contributions without donor restrictions and $303,939 is included in contributions with donor restrictions in the consolidated statement of activities for the year ended June 30, 2025.

Note 14 – Subsequent Events

Subsequent events are events or transactions that occur after the consolidated statement of financial position date, but before the consolidated financial statements are available to be issued. JFCS recognized in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including estimates inherent in the process of preparing financial statements. JFCS' consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position, but arose after the consolidated statement of financial position date before the consolidated financial statements were available to be issued.

In the preparation of these consolidated financial statements, JFCS considered subsequent events through December 4, 2025, which is the date these consolidated financial statements were available for issuance.