DR. STANLEY AND PEARL GOODMAN JFS
OF BROWARD COUNTY, INC. AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

MBAF
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

DR. STANLEY AND PEARL GOODMAN JFS OF BROWARD COUNTY, INC. AND AFFILIATES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Dr. Stanley and Pearl Goodman JFS of
Broward County, Inc. and Affiliates

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Dr. Stanley and Pearl Goodman JFS of Broward County, Inc. and Affiliates (collectively the "Organization"), a Florida non-profit organization, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Dr. Stanley and Pearl Goodman JFS of Broward County, Inc. and Affiliates as of June 30, 2020 and 2019, and the results of their consolidated operations and their consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Coronavirus

As further discussed in Note 2, the Organization is subject to the current economic and health conditions in the United States, including the coronavirus which was designated as a global pandemic by the World Health Organization on March 11, 2020. Management is currently assessing the impact of these conditions and continues to explore various options to minimize the financial impact, however the ultimate outcome is not known as of the date these financial statements were available to be issued. Our opinion is not modified with respect to this matter.

Morrison, Brown, Argiz & Farra

Boca Raton, Florida
January 27, 2021

DR. STANLEY AND PEARL GOODMAN JFS OF BROWARD COUNTY, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30,

ASSETS	2020	2019
Cash and cash equivalents (including restricted cash of $0 and $67,104, respectively)	$ 6,717,476	$ 5,519,997
Receivables:		
Grants and other receivables, net	322,321	100,716
Program service receivables, net	617,790	274,254
Pledges receivable, net	928,165	1,073,373
Investments	10,222,114	6,483,431
Prepaid expenses and other assets	540,655	557,375
Property and equipment, net	513,514	568,405
TOTAL ASSETS	**$ 19,862,035**	**$ 14,577,551**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 1,616,192	$ 1,564,583
Paycheck Protection Program refundable advance	2,341,100	-
Deferred revenue	656,561	407,941
TOTAL LIABILITIES	4,613,853	1,972,524
COMMITMENTS AND CONTINGENCIES (NOTE 18)		
NET ASSETS		
Without donor restrictions	9,801,831	7,540,960
With donor restrictions	5,446,351	5,064,067
TOTAL NET ASSETS	15,248,182	12,605,027
TOTAL LIABILITIES AND NET ASSETS	**$ 19,862,035**	**$ 14,577,551**

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

DR. STANLEY AND PEARL GOODMAN JFS OF BROWARD COUNTY, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
United Jewish Community of Broward County, Inc. allocation and grants	$ 801,000	$ -	$ 801,000	$ 570,000	$ -	$ 570,000
United Way allocation and grants	175,261	-	175,261	113,477	-	113,477
Claims Conference grants	20,152,219	-	20,152,219	18,561,502	-	18,561,502
Other grants	444,497	-	444,497	123,603	-	123,603
Program service fees	2,513,525	-	2,513,525	1,173,802	-	1,173,802
Public support and other (includes in-kind support of $447,382 and $340,023, respectively)	2,081,851	305,599	2,387,450	1,649,672	138,460	1,788,132
Special events	288,229	-	288,229	342,006	-	342,006
Change in value of split interest agreement	-	-	-	-	-	-
Investment income, net	193,315	91,061	284,376	313,204	59,406	372,610
Net assets released from restrictions	14,376	(14,376)	-	282,799	(282,799)	-
TOTAL REVENUES AND OTHER SUPPORT	26,664,273	382,284	27,046,557	23,130,065	(84,933)	23,045,132
EXPENSES						
Program services	21,914,390	-	21,914,390	18,071,585	-	18,071,585
Supporing services						
Management and general	1,973,200	-	1,973,200	1,901,316	-	1,901,316
Fundraising	515,812	-	515,812	518,461	-	518,461
TOTAL EXPENSES	24,403,402	-	24,403,402	20,491,362	-	20,491,362
CHANGE IN NET ASSETS	2,260,871	382,284	2,643,155	2,638,703	(84,933)	2,553,770
NET ASSETS AT BEGINNING OF YEAR	7,540,960	5,064,067	12,605,027	4,902,257	5,149,000	10,051,257
NET ASSETS AT END OF YEAR	**$ 9,801,831**	**$ 5,446,351**	**$ 15,248,182**	**$ 7,540,960**	**$ 5,064,067**	**$ 12,605,027**

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

DR. STANLEY AND PEARL GOODMAN JFS OF BROWARD COUNTY, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

		Supporting Services			
	Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	$ 12,374,504	$ 1,240,865	$ 289,763	$ 1,530,628	$ 13,905,132
Employee benefits and related costs	1,916,198	202,712	57,738	260,450	2,176,648
Direct assistance to Claims Conference clients	17,879,478	-	-	-	17,879,478
Direct assistance to other program clients	1,819,870	-	-	-	1,819,870
Rent - premises	265,177	46,543	15,307	61,850	327,027
Insurance	125,486	68,915	440	69,355	194,841
Advertising and marketing	150,733	5,634	13,678	19,312	170,045
Printing	17,588	3,116	1,348	4,464	22,052
Conferences, meetings and training	31,841	2,791	575	3,366	35,207
Dues and subscriptions	54,874	7,174	4,361	11,535	66,409
Contract services	476,211	-	-	-	476,211
Professional fees	310,091	172,248	24,320	196,568	506,659
Office	343,379	40,927	9,517	50,444	393,823
Travel and automobile	110,431	10,077	2,299	12,376	122,807
Special events expenses	50,002	2,591	91,994	94,585	144,587
Postage and delivery	22,023	2,405	1,240	3,645	25,668
Telephone and internet	77,315	10,615	2,779	13,394	90,709
In-kind expenses	447,382	-	-	-	447,382
Depreciation and amortization	40,439	94,392	-	94,392	134,831
Bad debt	12,987	24,130	-	24,130	37,117
Interest expense	-	14,431	-	14,431	14,431
Other	179,209	23,634	453	24,087	203,296
Total functional expenses before intercompany elimination	36,705,218	1,973,200	515,812	2,489,012	39,194,230
Less: intercompany elimination	(14,790,828)	-	-	-	(14,790,828)
Net functional expenses	**$ 21,914,390**	**$ 1,973,200**	**$ 515,812**	**$ 2,489,012**	**$ 24,403,402**

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

DR. STANLEY AND PEARL GOODMAN JFS OF BROWARD COUNTY, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total Supporting Services	Total Expenses
Salaries	$ 9,858,280	$ 1,129,675	$ 255,316	$ 1,384,991	$ 11,243,271
Employee benefits and related costs	1,520,884	190,547	48,878	239,425	1,760,309
Direct assistance to Claims Conference clients	16,364,939	-	-	-	16,364,939
Direct assistance to other program clients	1,136,092	-	-	-	1,136,092
Rent - premises	199,141	39,582	12,089	51,671	250,812
Insurance	109,847	56,145	188	56,333	166,180
Advertising and marketing	189,344	12,815	17,972	30,787	220,131
Printing	18,987	4,060	1,500	5,560	24,547
Conferences, meetings and training	25,409	4,403	1,465	5,868	31,277
Dues and subscriptions	39,789	6,064	1,687	7,751	47,540
Contract services	127,508	-	-	-	127,508
JCS management fee	105,557	45,239	-	45,239	150,796
Professional fees	106,270	219,368	55,117	274,485	380,755
Office	195,375	34,475	9,160	43,635	239,010
Travel and automobile	129,207	5,508	2,109	7,617	136,824
Special events expenses	-	-	111,008	111,008	111,008
Postage and delivery	12,819	2,101	707	2,808	15,627
Telephone and internet	48,759	6,913	1,265	8,178	56,937
In-kind expenses	340,023	-	-	-	340,023
Depreciation and amortization	34,432	80,946	-	80,946	115,378
Bad debt	-	21,146	-	21,146	21,146
Interest expense	-	6,455	-	6,455	6,455
Other	19,447	35,874	-	35,874	55,321
Total functional expenses before intercompany elimination	30,582,109	1,901,316	518,461	2,419,777	33,001,886
Less: intercompany elimination	(12,510,524)	-	-	-	(12,510,524)

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

DR. STANLEY AND PEARL GOODMAN JFS OF BROWARD COUNTY, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 2,643,155	$ 2,553,770
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	134,831	115,378
Bad debt expense	37,117	21,146
Net realized/unrealized losses (gains) on investments	11,081	(60,853)
Accretion of discount on pledge receivable	(133,484)	(133,635)
Change in operating assets and liabilities:		
Decrease (increase) in:		
Grants and other receivables	(221,605)	4,284,087
Program service and pledge receivables	(609,221)	(274,384)
Prepaid expenses and other assets	16,720	(33,801)
(Decrease) increase in:		
Accounts payable and accrued expenses	51,609	(570,775)
Deferred revenue	248,620	139,193
Paycheck Protection Program refundable advance	2,341,100	-
TOTAL ADJUSTMENTS	1,876,768	3,486,356
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,519,923	6,040,126
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(79,940)	(42,033)
Acquisition of medicare license	-	(297,905)
Proceeds from investments	3,263,665	1,676,051
Purchases of investments	(7,013,429)	(3,601,682)
NET CASH USED IN INVESTING ACTIVITIES	(3,829,704)	(2,265,569)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on line of credit	-	754,205
Repayments on line of credit	-	(1,504,205)
Collection on pledge receivable	507,260	500,000
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	507,260	(250,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,197,479	3,524,557
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	5,519,997	1,995,440
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 6,717,476**	**$ 5,519,997**

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	**$ 14,431**	**$ 6,455**

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

1. ORGANIZATION

Organization and Basis of Presentation

Dr. Stanley and Pearl Goodman JFS of Broward County, Inc. ("JFS" and, together with its affiliates, the "Organization") is a not-for-profit organization incorporated in the State of Florida in January 1963, to provide various services, primarily to the members of the Jewish community in Broward County, Florida. The services include counseling, care management, and financial assistance to those in need.

On April 8, 2014, Jewish Family Services of Broward Foundation, Inc. (the "Foundation") was formed as a separate fundraising entity to raise and distribute funds for the benefit of JFS to further provide for the advocacy and resources for Jewish Family Services in Broward County. The Foundation was organized as a non-profit organization under the provisions of Chapter 617 of the Florida Statutes.

Jewish Family Home Care, Inc. ("JFHC"), was formed on March 18, 2015 as a separate 501(c)(3) non-profit organization to provide homecare and housekeeping services to members of the senior community living in Broward County, Florida. On March 20, 2019, the JFHC acquired 100% interest in Nursing Plus of Broward, LLC ("Nursing Plus Broward"). Nursing Plus Broward is a Medicare Certified Home Health Agency (NOTE 17).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The consolidated financial statements include the accounts of JFS, JFHC, the Foundation, and Nursing Plus Broward which are under common control and collectively referred to as the Organization. All intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements. The consolidated financial statements are prepared using the accrual basis of accounting under accounting principles generally accepted in the United States of America ("U.S. GAAP").

Net assets and revenues, expenses, gains and losses are classified based on the existence of donor-imposed or time restrictions as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of trustees.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Consolidated Statements of Activities.

Cash and Cash Equivalents

Cash and cash equivalents include cash held in checking and money market accounts with maturities of three months or less unless they are included within Investment.

Restricted Cash

Restricted cash represents advances received from the Conference on Jewish Material Claims Against Germany, Inc. ("Claims Conference") and funds held for other donor restricted purposes. As of June 30, 2020 there was no restricted cash. As of June 30, 2019, there was approximately $67,000 in restricted cash.

2. SUMMARY OF SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Other Receivables, Net

The Organization receives a significant portion of its revenue from grants and contracts. The amounts received under these grants and contracts are designated for specific purposes by the granting agencies. Grant and contract revenue is recognized when the allowable costs, as defined by the individual grant or contracts, are incurred and/or the unit of service has been performed. The Organization records advances at the start of each grant as a liability. Revenues and expenses, which are treated as reciprocal transactions, are recognized as the costs are incurred. Grants and other receivables at year end represent expenditures and/or units of service performed, which have not been reimbursed by the granting agency.

Program Service Receivables and Revenue, Net

Program service receivables consist of amounts due under discounted fee-for-service contracts with patients and third-party payers, such as insurance companies, self-insured employers, and government-sponsored health care programs.

The fee-for-service receivables of approximately $670,000 and $303,000 at June 30, 2020 and 2019, respectively, are presented net of contractual adjustments and an estimated allowance for doubtful accounts of approximately $52,000 and $29,000 at June 30, 2020 and 2019, respectively. Contractual adjustments result from the difference between customary charges for services performed, including withholding provisions, and reimbursement by government sponsored healthcare programs and insurance companies for such services. Management reviews the collectability of receivables and assesses the need for an allowance for doubtful accounts based on the Organization's receivable collection experience and management's evaluation and pertinent factors. Account balances are charged off against the allowance after all commercially reasonable means of collection have been exhausted and potential for recovery is considered remote.

Investments

Investments are primarily comprised of equities and money market funds. Investments are carried at fair value determined by quoted market values. Investments gains and losses (including gains and losses on investments, interest, and dividends) are included in the Consolidated Statements of Activities. Investment gains restricted by a donor are reported as increases in donor restricted net assets unless the restrictions are met (either by passage of time or use) in the reporting period in which the income and gains are recognized.

Property and Equipment, Net

Property and equipment are recorded at cost when purchased or, if contributed, are recorded at the fair value at the time of the contribution. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. The Organization's capitalization policy requires individual assets to be capitalized if the original cost exceeds $1,000. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets. Construction in progress is recorded at cost until completion when it is then depreciated over the estimated useful lives of the assets.

The estimated lives used in determining depreciation and amortization are:

Furniture and equipment	7 years
Computer equipment	3 years
Vehicles	7 years
Leasehold improvements	over term of lease

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net (Continued)

The carrying value of long-lived assets is reviewed if the facts and circumstances, such as significant declines in the revenues, earnings or cash flows or material adverse changes in the business climate, indicate that they may be impaired. If any impairment in the value of the long-lived assets is indicated, the carrying value of the long-lived assets is adjusted to reflect such impairment based on the fair value of the impaired assets or estimate of fair value based on discounted cash flows.

Prepaid Expenses and Other Assets

Prepaid expenses consist primarily of expenses for a Medicare License (NOTE 17), prepaid insurance, and prepaid rent.

Deferred Revenue

Grant funding received in advance and program fees collected in advance for the following year are recorded as deferred revenue at year end.

Federation Allocation and Grants

The Organization receives support from the United Jewish Community of Broward County, Inc.("Federation"). For the years ended June 30, 2020 and 2019, the Organization received support in the amount of approximately $801,000 and $570,000, respectively, and it is reflected within the Consolidated Statements of Activities as "United Jewish Community of Broward County, Inc. allocation and grants". It is the opinion of management that these promises are conditional and, therefore, are not reported as either a receivable or revenue in these consolidated financial statements.

Public Support and Other

Transfer of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions. Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the School fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets but are less specific than donor-imposed conditions. Contributions received and unconditional promises to give are measured at their fair value and are reported as an increase in net assets. Contributions are considered to be available for general operations of the School unless specifically restricted by the donor. The School reports gifts of cash and other assets as restricted support if they are received with donor stipulations about the use of the donated assets, or if they are designated as support for future periods.

When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, 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." Donor-restricted contributions whose restrictions are met in the same reporting period in which received are reported as net assets without donor restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Goods and Services

The Organization receives donated goods, foods, and services and records the in-kind donation when there is an objective basis available to measure the value. The values of the donated items are included in "Public support and other" in the accompanying Consolidated Statements of Activities at their fair market values on the date of receipt.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and support services benefited. Expenses that can be directly identified with the program or supporting services are reported as expenses of those functional areas. Other expenses are allocated among program and supporting services based on a reasonable basis that is consistently applied. Personnel expenses are allocated on the basis of estimated time and effort.

Fair Value of Financial Instruments

Fair values of financial instruments are estimated using relevant market information and other assumptions. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, mortality, and other factors, especially in the absence of forward market for particular instruments. Changes in assumptions or in market conditions could significantly affect the estimates. The carrying amount of all financial assets and liabilities approximates fair value.

Concentration of Credit Risk and Market Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, investments, accounts receivable and promises to give. The Organization maintains cash balances in accounts at several financial institutions. The Federal Deposit Insurance Corporation ("FDIC") insures accounts up to $250,000. At June 30, 2020, and 2019, and at certain times during the years the Organization had amounts on deposit that were in excess of the federally insured limit. Cash is maintained at quality financial institutions, and the Organization has not experienced losses in such accounts.

Investments are subject to both credit and market risks. Credit risk is the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is the possibility that fluctuations in the investment market will impact the value of the portfolio. The Organization has an investment policy and utilizes management oversight, and periodically reviews its investment portfolios to monitor these risks.

The Organization maintains investment accounts which are not insured by the FDIC. These funds may be subject to insurance by Securities Investor Protection Corporation ("SIPC"). Management believes that the risk of loss with respect to the financial institutions has been minimized by choosing strong institutions with whom to do business.

The Organization receives a significant amount of its support from grants received from the Claims Conference. For the years ended June 30, 2020, and 2019 approximately 75% and 80%, respectively, of total revenue and support without donor restrictions was from the Claims Conference. As of June 30, 2020, and 2019, grants receivable from the Claims Conference represented approximately 1% of total assets for both years. The loss in funding of this grant could have a significant negative impact on the Organization's operations. Management understands that this grant depends on the availability of funds and the life expectancies of the Holocaust survivors.

At June 30, 2020 and 2019, approximately 80% and 85%, respectively, of pledges receivable is due from one donor.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management Estimates

The preparation of the consolidated financial statements in conformity 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 financial statements and the reported amount of public support and revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Income Tax

The Organization is a non-profit corporation which is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code ("IRC") and, accordingly, generally would not incur income taxes. As a result, the consolidated financial statements do not reflect a provision for income taxes.

The Organization recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction is the major tax jurisdiction where the Organization files income tax returns. The Organization is generally no longer subject to U.S. Federal examinations by tax authorities for the fiscal years before 2017.

Nursing Plus Broward is treated as a disregarded entity for federal and state income tax purposes and, accordingly, would not incur income taxes or have any unrecognized tax benefits. Instead, the earnings and losses are included in the income tax returns of its sole member, JFHC. As a result, the accompanying financial statements do not reflect a provision for income taxes.

Risk and Uncertainties

Since January 2020, the coronavirus ("COVID-19") outbreak has caused substantial disruption in international and U.S. economics and markets. The fear of further spread of COVID-19 has caused quarantines, cancellation of events and travel, business and school shutdowns, and overall reduction in business and economic activity. On March 11, 2020, the World Health Organization designated COVID-19 as a pandemic. While the Organization did not incur significant disruptions during the year ended June 30, 2020 from COVID-19, the Organization is unable to predict the impact that COVID-19 will have on the financial position and change in net assets due to numerous uncertainties. These uncertainties include the severity of the virus, the duration of the outbreak, governmental, or other actions (which include promotion of social distancing), or changes to the Organization's operations. The Organization is currently evaluating the potential adverse effect this matter will have its financial position, operations and cash flows. While the ultimate outcome of this uncertainty is unknown, it is reasonably possible the impact may be materially adverse.

Adopted Accounting Pronouncements

Accounting Guidance for Contributions Received and Contributions Made

During the year ended June 30, 2020, the Organization adopted Accounting Standards Update 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. The update provides guidance in evaluating whether transactions should be accounted for as contributions or as an exchange transaction and determining whether a contribution is conditional or not. The adoption of this update had no effect on the Organization's consolidated financial position and changes in net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adopted Accounting Pronouncements (Continued)

Recognition and Measurement of Financial Assets and Financial Liabilities

In January 2016, the Financial Accounting Standards Board ("FASB") issued an accounting standard update which seeks to enhance the recognition, measurement, presentation and disclosure requirements of financial instruments. The update is effective for fiscal years beginning after December 15, 2018 and for interim periods within fiscal years beginning after December 15, 2019 with early adoption permitted for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The adoption of this update did not have a material effect on the Organization's financial statements.

Recent Accounting Pronouncements

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standard update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity. The update is to be applied to the beginning of the year of implementation or retrospectively and is effective for annual periods beginning after December 15, 2018 and in interim periods in annual periods beginning after December 15, 2019; however, due to the circumstances surrounding COVID-19, the FASB issued relief in the form of deferral of the required adoption date for nonprofit entities to annual periods beginning after December 31, 2019 and interim periods beginning after December 15, 2020. The Organization is currently evaluating the effect the update will have on its consolidated financial statements.

Lease Accounting

In February 2016, the FASB issued an accounting standard update which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases now currently off-balance sheet under current U.S. GAAP. Also, the FASB has issued amendments to the update with practical expedients related to land easements and lessor accounting. The Organization is currently evaluating the effect the update will have on its consolidated financial statements.

The update originally required transition to the new lease guidance using a modified retrospective approach which would reflect the application of the update as of the beginning of the earliest comparative period presented. A subsequent amendment to the update provides an optional transition method that allows entities to initially apply the new lease guidance with a cumulative-effect adjustment to the opening balance of equity in the period of adoption. If this optional transition method is elected, after the adoption of the new lease guidance, the Organization's presentation of comparative periods in the consolidated financial statements will continue to be in accordance with current lease accounting. The update is effective for fiscal years beginning after December 15, 2021, and for interim periods within fiscal years beginning after December 15, 2022, with early application permitted. The Organization is evaluating the method of adoption it will elect.

Reclassification

Certain items in the 2019 consolidated financial statements were reclassified to conform to the 2020 presentation.

Subsequent Events

The Organization has evaluated subsequent events through January 27, 2021, which is the date the consolidated financial statements were available to be issued.

3. LIQUIDITY MANAGEMENT AND AVAILABILITY OF RESOURCES

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization considers general expenditures to be all expenditures related to its ongoing activities to accomplish its mission as well as the conduct of services undertaken to support those activities, to be general expenditures. The Organization holds cash in various interest-bearing bank accounts with well-known financial institutions. Additionally, the Organization has adopted investment and spending policies that attempt to provide a predictable stream of income to programs and operations supported by its investments. Furthermore, the Board reviews the consolidated Statements of Financial Position and consolidated Statements of Activities results periodically. The Organization also has a line of credit available which can be used to meet general expenditures within one year (NOTE 10).

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

	2020	2019
Cash	$ 6,717,476	$ 5,519,997
Grants and other receivables, net	322,321	100,716
Program service receivables, net	617,790	274,254
Pledges receivable due in less than one year	242,068	216,560
Investments	10,222,114	6,483,431
Total financial assets available within one year	18,121,769	12,594,958
Less: amounts unavailable to management due to donor imposed restrictions	(2,387,646)	(1,889,164)
Total financial assets available to management	**$ 15,734,123**	**$ 10,705,794**

4. INVESTMENTS

At June 30, 2020 and 2019, the Organization had funds held and administrated by the Federation in the amount of approximately $2,235,000 and $2,346,000, respectively. The assets are held by the Federation; however, the Organization has its own sub-account. During the years ended June 30, 2020 and 2019, these funds were held in investments.

Funds held by the Federation consist of the following at June 30,:

	2020	2019
Domestic equities	$ 630,573	$ 878,021
Fixed income	780,299	775,879
International equities	823,945	691,614
	$ 2,234,817	**$ 2,345,514**

4. INVESTMENTS (CONTINUED)

The following schedule summarizes the investment return related to funds held by the Federation for the years ended June 30,:

	2020	2019
Interest and dividend income	$ 147,180	$ 202,919
Net realized/unrealized losses	(136,504)	(90,545)
Fees	(7,409)	(7,128)
	$ 3,267	**$ 105,246**

The Organization had additional investments, other than the Funds Held by the United Jewish Community of Broward County Inc., of approximately $7,987,000 and $4,138,000 as of June 30, 2020 and 2019, respectively.

These additional investments consist of the following at June 30;

	2020	2019
Money markets	$ 3,221,456	$ 387,381
Domestic equities	3,318,301	2,485,084
Fixed income	571,493	571,150
International equities	876,047	694,302
	$ 7,987,297	**$ 4,137,917**

The following schedule summarizes the investment return for these additional investments for the years ended June 30,:

	2020	2019
Interest and dividend income	$ 96,476	$ 91,989
Net realized/unrealized gains	137,361	151,399
Fees	(11,938)	(10,384)
	$ 221,899	**$ 233,004**

5. FAIR VALUE MEASUREMENTS

The FASB Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

5. FAIR VALUE MEASUREMENTS (CONTINUED)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

For the years ended June 30, 2020 and 2019, the funds held by the United Jewish Community of Broward County, Inc. are invested in various publicly traded funds. These funds are valued at fair value per the quoted share of the market as of June 30, 2020 and 2019. Money market funds are carried at cost, which approximates fair value.

Money market funds: Valued based on quoted prices in active markets for identical securities.

Equities: are valued at fair value per the quoted share of the market.

The following tables set forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2020 and 2019:

		Fair Value Measurements		
Description	**6/30/2020**	**Quoted Prices In Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Other Unobservable Inputs (Level 3)**
Assets:				
Money market funds	$ 3,221,456	$ 3,221,456	$ -	$ -
Equities:				
Domestic	3,948,874	3,948,874	-	-
Fixed Income	1,351,792	1,351,792	-	-
International	1,699,992	1,699,992	-	-
	$ 10,222,114	**$ 10,222,114**	**$ -**	**$ -**

		Fair Value Measurements		
Description	**6/30/2019**	**Quoted Prices In Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Other Unobservable Inputs (Level 3)**
Assets:				
Money market funds	$ 387,381	$ 387,381	$ -	$ -
Equities:				
Domestic	3,363,105	3,363,105	-	-
Fixed Income	1,347,029	1,347,029	-	-
International	1,385,916	1,385,916	-	-
	$ 6,483,431	**$ 6,483,431**	**$ -**	**$ -**

6. PLEDGES RECEIVABLE, NET

Pledges receivable are expected to be realized in the following periods at June 30,:

	2020	2019
Less than one year	$ 242,068	$ 216,560
One to five years	-	4,200
More than five years	950,000	1,250,000
Total pledges receivable	1,192,068	1,470,760
Less: discounts to net present value	(263,903)	(397,387)
Pledges receivable, net	**$ 928,165**	**$ 1,073,373**

Pledges to be received after one year are discounted using an interest rate of 7.5

7. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following at June 30,:

	2020	2019
Leasehold improvements	$ 606,737	$ -
Furniture and equipment	59,672	45,377
Computer equipment	142,154	76,509
Vehicles	18,500	18,500
Construction in progress	-	606,737
	827,063	747,123
Less: Accumulated depreciation and amortization	(313,549)	(178,718)
Property and equipment, net	**$ 513,514**	**$ 568,405**

Depreciation and amortization for the years ended June 30, 2020 and 2019 was approximately $135,000 and $115,000, respectively.

8. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following at June 30,:

	2020	2019
Accounts payable	$ 801,147	$ 957,717
Accrued payroll	551,684	407,465
Accrued vacation	187,147	114,992
Other accruals	76,214	84,409
	$ 1,616,192	**$ 1,564,583**

9. PAYCHECK PROTECTION PROGRAM REFUNDABLE ADVANCE

On April 21, 2020, the Organization received loans of approximately $2,341,000 under the Paycheck Protection Program ("PPP") authorized by the Coronavirus Aid, Relief, and Economic Security Act that was signed into law on March 27, 2020. The loans began accruing interest at a rate of 1.00% on the effective date. Principal payments are due in equal monthly installments commencing November 21, 2020. The loan matures on April 21, 2022, at which time all unpaid principal and accrued interest is due. Under the PPP, loan funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent, and utility costs and if the Organization retains employees during a specified period. Management estimates that a significant portion of the loan funds will be eligible for forgiveness. The proceeds of the loan are recognized as a refundable advance in accordance with ASC 958-605, and are included within liabilities on the accompanying Statements of Financial Position. The proceeds will be recognized as a contribution once forgiveness has been granted and the condition has been explicitly waived. As of June 30, 2020, the amount outstanding on the PPP loans was approximately $2,341,000.

10. LINE OF CREDIT

On August 15, 2018, the Organization entered into a revolving line of credit agreement with a financial institution. The line of credit allowed for borrowings up to $1,500,000 and matured on November 15, 2019. The line was renewed extending its the maturity until November 15, 2020, as well as, increasing the borrowing capacity to $2,500,000. Bank advances on the credit line carry an interest rate of 0.50% per annum plus the United States prime rate (3.75% and 6.0% at June 30, 2020 and 2019, respectively).

As of June 30, 2020 and 2019, there was no outstanding balance on these lines of credit. For the year ended June 30, 2020, interest expense on the lines of credit was approximately $14,000. For the year ended June 30, 2019, interest expense on the lines of credit was approximately $6,500.

Subsequent to year end, the line was renewed and extended until February 15, 2021.

11. BOARD DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

As of June 30, 2020 and 2019, approximately $81,000 and $78,000, respectively, of net assets without donor restrictions has been designated by the board for non-specific future purposes. These funds have been invested with the Federation.

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30,:

	2020	2019
Net assets with time and purpose restrictions:		
Beneficial interest in trust	$ 61,650	$ 66,274
Lifeline campaign pledges	8,900	16,100
Cash and pledges for the Cupboard	184,248	121,764
Investments restricted for seniors	2,110,650	2,110,650
Pledges restricted for various programs	48,920	-
Net assets to be held in perpetuity:		
Pledges receivable	686,097	860,115
Investments	2,387,646	1,889,164
	$ 5,488,111	**$ 5,064,067**

13. ENDOWMENT

The Organization's endowments consist of funds established for a variety of purposes. Its endowments are comprised of donor-restricted endowment funds and funds designated by the board of directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA"). The Organization has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions the historical value of donor-restricted endowment funds, which includes (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) changes to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. Also included in net assets with donor restrictions is accumulated appreciation on donor restricted endowment funds which are available for expenditure in a manner consistent with the standard of prudence prescribed by the FUPMIFA, and deficiencies associated with funds where the value of the fund has fallen below the original value of the gift.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

For the years ended June 30, 2020 and 2019, the Organization has elected not to add appreciation for cost of living or other spending policies to its endowment for inflation and other economic conditions.

Summary of Endowment Net Assets at June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 79,013	$ -	$ 79,013
Donor-restricted endowment funds	-	2,387,646	2,387,646
	$ 79,013	**$ 2,387,646**	**$ 2,466,659**

Changes in endowment net assets for the year ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, June 30, 2019	$ 77,868	$ 1,889,164	$ 1,967,032
Contributions	-	365,661	365,661
Interest and dividends	4,440	41,760	46,200
(Loss) gain on investment, net	(3,295)	91,061	87,766
Net assets, June 30, 2020	**$ 79,013**	**$ 2,387,646**	**$ 2,466,659**

13. ENDOWMENT (CONTINUED)

Summary of Endowment Net Assets at June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 77,868	$ -	$ 77,868
Donor-restricted endowment funds	-	1,889,164	1,889,164
	$ 77,868	**$ 1,889,164**	**$ 1,967,032**

Changes in endowment net assets for the year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, June 30, 2018	$ 74,221	$ 1,402,809	$ 1,477,030
Contributions	-	500,000	500,000
Interest and dividends	5,513	34,921	40,434
(Loss) gain on investment, net	(1,866)	24,485	22,619
Amounts appropriated for expenditure	-	(73,051)	(73,051)
Net assets, June 30, 2019	**$ 77,868**	**$ 1,889,164**	**$ 1,967,032**

	June 30, 2020	June 30, 2019
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by FUPMIFA	**$ 2,387,646**	**$ 1,889,164**

Funds with Deficiencies

From time to time, the fair value of assets associated with individual temporarily and permanently donor restricted endowment funds may fall below the level that the donor or FUPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2020 and 2019.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term.

Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Strategies Employed for Achieving Objectives

To satisfy long-term rate-of-return objectives, the Organization's assets are invested within market indexed mutual funds (NOTE 4).

13. ENDOWMENT (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating distributions based on written agreements with the donors. The spending policy calculates the amount of money annually distributed from the Organization's endowment funds. The spending policy allows for the Organization to distribute an annual amount of 5% of the fair value of the endowment fund measured on January 1. This policy is consistent with the Organization's objective to maintain the purchasing power of endowment assets and to provide additional real growth through investment return.

14. CLAIMS CONFERENCE GRANT

The Organization received grants from the Claims Conference in the amount of approximately $20,152,000 and $18,562,000 for the years ended June 30, 2020 and 2019, respectively. The Claims Conference grants are being used for the social service program for Holocaust survivors administered by the Organization. As of June 30, 2020 and 2019, the Organization had a grant receivable balance from the Claims Conference in the amount of approximately $21,000 and $44,000, respectively, which is reflected in the Consolidated Statements of Financial Position in the caption "Grants and other receivables, net." Additionally, as of June 30, 2020, the Organization had a deferred revenue balance from the Claims Conference in the amount of approximately $93,000, which is reflected in the Consolidated Statements of Financial Position in the caption "Deferred Revenue."

Reimbursements from grants are recorded as support in the period when the expenditures are made. The Organization recognized grant revenue from the Claims Conference during the years ended June 30, 2020 and 2019.

The Organization has complied with in all material respects the provisions of the grants. The grant funds were expended exclusively for the purpose for which they were granted.

15. EMPLOYEE BENEFIT PLANS

The Organization sponsors two 403(b) Plans. For the years ended June 30, 2020 and 2019, the Organization contributed a matching contribution of 50% of the employee's contribution up to 3% of the employee's wages. For both of the 403(b) Plans during the years ended June 30, 2020 and 2019 contributions totaled approximately $56,000 and $42,000, respectively.

The Organization also maintains two deferred compensation plans qualifying under section 457(b) of the IRC for the Chief Executive Officers of JFS and JFHC. For both plans during each of the years ended June 30, 2020 and 2019, contributions totaled approximately $21,000 and $13,000, respectively.

16. ACQUISITION OF NURSING PLUS BROWARD

On March 20, 2019, the Organization acquired 100% interest in Nursing Plus Broward through stock purchase agreements for approximately $298,000, including direct legal costs. Nursing Plus Broward is a Medicare Certified Home Health Agency that operates in Broward County, Florida. The Organization has accounted for the acquisition as an asset acquisition as substantially all the fair value of the gross assets acquired were concentrated in a single identifiable asset, the Medicare License. The license has an indefinite life, thus it is not being amortized. Management tests the Medicare License for impairment annually. No impairment on the license was taken during the year ended June 30, 2020 and 2019. The cost of the acquisition is included with "Prepaid expenses and other assets" on the Consolidated Statements of Financial Position.

17. COMMITMENTS AND CONTINGENCIES

Operating Leases

In February 2017, the Organization entered an operating lease for space in Davie, Florida. This location is used for the Organization's food pantry. This lease was renewed by the Organization and now matures in January 2023.

In June 2017, the Organization entered into two separate agreements to lease its main office space on the Federation's campus starting in July 1, 2018. These leases expire in June 2023 and June 2028.

In March 2018, the Organization entered into an agreement to lease space in Parkland Florida. This lease expired in February 2020, and was amended to a month to month agreement after its expiration.

In May 2019, the Organization entered into a lease for office space in Hollywood, Florida. This lease expires in April 2021.

Additionally, the Organization leases its office equipment, under non-cancellable operating lease agreements with terms expiring at various dates through September 2022. Minimal annual rental commitments under long-term operating leases in effect at June 30, 2020 approximate the following:

Years ending June 30,:	
2021	$ 293,000
2022	248,000
2023	207,000
2024	122,000
2025	122,000
Thereafter	367,000
	$ 1,359,000

Rent expense, including equipment rentals, amounted to approximately $327,000 and $251,000 for the years ended June 30, 2020 and 2019, respectively.

Agreement with Jewish Community Services of South Florida

In April 2015, the Organization entered into a management services agreement related to JFHC, with Jewish Community Services of South Florida, a Florida not-profit corporation ("the Manager"). The agreement commenced on September 1, 2015, the date homecare services were first provided, and runs for 36 months. In exchange for management services the Organization agrees to pay the Manager a fee of 25% of JFHC's Net Revenue, for the first 12 months of operations; 22% of net revenue for the second 12 months of operations and 20% of net revenue for the last 12 months of operations. The contract expired on September 2018. For the years ended June 30, 2019 the management expense recorded by the Organization was approximately $151,000 which is reflected in the Consolidated Statements of Functional Expenses in the caption "JCS management fee." There were no management fee expenses during year ended June 30, 2020.

Litigation

The Organization is exposed to various asserted and unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters is not expected to have a material effect on the Organization's consolidated financial statements.

17. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contingencies

Certain programs in which the Organization participates are subject to periodic audits by granting agencies. Such audits may result in disallowed cost due to compliance testing. Management believes future disallowances of grant expenditures, if any, would not have a material adverse effect on the consolidated financial position of the Organization.