ADVISORS for
WHAT'S NEXT

Jewish Family Service of Greater Harrisburg, Inc.

Financial Statements

August 31, 2021 and 2020

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Independent Auditor's Report

To the Board of Directors
Jewish Family Service of Greater Harrisburg, Inc.
Harrisburg, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Jewish Family Service of Greater Harrisburg, Inc., which comprise the statement of financial position as of August 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Jewish Family Service of Greater Harrisburg, Inc. as of August 31, 2021 and 2020, and the results of their operations and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Jewish Family Service of Greater Harrisburg's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 26, 2021. In our opinion, the summarized comparative information presented herein for the year ended August 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RKL LLP

April 8, 2022
Mechanicsburg, Pennsylvania

Statement of Financial Position

	August 31, 2021	August 31, 2020
Assets		
Current Assets		
Cash and cash equivalents	**$ 459,636**	$ 419,597
Restricted cash	**34,002**	73,710
Accounts receivable, net	**150,234**	95,573
Pledges receivable	**5,838**	5,838
Prepaid expenses	**9,426**	6,276
Total Current Assets	**659,136**	600,994
Beneficial Interest in Net Assets of a Community Foundation	**230,344**	165,869
Property and Equipment, Net	**20,121**	22,223
Total Assets	**$ 909,601**	$ 789,086
Liabilities and Net Assets		
Current Liabilities		
Line of credit	**$ -**	$ 120,000
Current portion of long-term debt	**5,637**	-
Accounts payable	**13,316**	41,109
Accrued payroll taxes and other expenses	**24,812**	13,698
Total Current Liabilities	**43,765**	174,807
Non-Current Liabilities		
Long-term debt	**170,463**	197,040
Total Liabilities	**214,228**	371,847
Net Assets		
Without donor restrictions	**425,170**	171,802
With donor restrictions	**270,203**	245,437
Total Net Assets	**695,373**	417,239
Total Liabilities and Net Assets	**$ 909,601**	$ 789,086

See accompanying notes.

Jewish Family Service of Greater Harrisburg, Inc.

Statement of Activities

	Years Ended August 31, 2021	2020
Net Assets without Donor Restrictions		
Revenue, gains, and other support		
Program service fees	**$ 1,140,128**	$ 1,156,949
Support		
Contributions	**207,709**	252,119
United Way of the Capital Region	**12,453**	6,964
Jewish Federation of Greater Harrisburg	**34,200**	41,250
Other grants	**891**	1,000
	255,253	301,333
Interest income	**101**	12
Miscellaneous income	**3,713**	2,785
Payroll Protection Program loan forgiveness revenue	**197,040**	-
Net assets released from restrictions	**74,567**	8,775
	275,421	11,572
Total revenue, gains, and other support	**1,670,802**	1,469,854
Functional expenses		
Program services	**1,158,818**	1,068,334
Supporting services		
Management and general	**192,698**	193,957
Fund-raising	**65,918**	90,111
Total functional expenses	**1,417,434**	1,352,402
Increase in Net Assets without Donor Restrictions	**253,368**	117,452
Net Assets with Donor Restrictions		
Support - United Way of the Capital Region	**5,858**	5,858
Contributions	**29,000**	29,493
Change in beneficial interest in net assets of a community foundation	**64,475**	9,153
Net assets released from restrictions	**(74,567)**	(8,775)
Increase in Net Assets with Donor Restrictions	**24,766**	35,729
Increase in Net Assets	**278,134**	153,181
Net Assets at Beginning of Year	**417,239**	264,058
Net Assets at End of Year	**$ 695,373**	$ 417,239

See accompanying notes.

Statement of Functional Expenses
Year Ended August 31, 2021 with Comparative Totals for 2020

	Program Services	Supporting Services: Management and General	Supporting Services: Fund-Raising	Total 2021	Total 2020
Functional Expenses					
Compensation	$ 675,264	$ 104,585	$ 41,151	$ 821,000	$ 807,730
Payroll taxes	56,975	9,586	3,516	70,077	71,941
Employee benefits	69,753	26,863	3,175	99,791	92,340
Total Compensation and Benefits	801,992	141,034	47,842	990,868	972,011
Advertising and promotion	9,541	1,096	3,639	14,276	6,446
Conferences and seminars	5,624	389	1,425	7,438	7,614
Depreciation	5,332	617	530	6,479	4,256
Dues and subscriptions	11,432	407	350	12,189	14,976
Equipment repairs and maintenance	37,402	4,093	3,517	45,012	39,018
Interest	54	7	5	66	6,062
Insurance	16,758	1,939	1,666	20,363	11,494
Meals	32,626	-	-	32,626	36,147
Meetings and banquets	-	3,097	-	3,097	1,474
Office supplies	7,233	799	938	8,970	11,660
Program expenses	175,299	1,275	3,742	180,316	138,776
Postage	265	30	26	321	2,682
Printing	27	75	-	102	-
Professional services	18,694	29,631	(480)	47,845	56,221
Rent	20,987	2,427	2,086	25,500	21,250
Telephone	2,774	(39)	(33)	2,702	2,202
Travel	8,155	5,052	5	13,212	12,072
Utilities	4,623	769	660	6,052	8,041
Total Other Expenses	356,826	51,664	18,076	426,566	380,391
Total Functional Expenses	$ 1,158,818	$ 192,698	$ 65,918	$ 1,417,434	$ 1,352,402

See accompanying notes.

Jewish Family Service of Greater Harrisburg, Inc.

Statement of Functional Expenses (continued)

Year Ended August 31, 2021 with Comparative Totals for 2020

	Program Services						Total	
	Adoption	Counseling	Group Home	Family Based Mental Health	Jewish Family Assistance	Kosher Meals on Wheels	2021	2020
Functional Expenses								
Compensation	$ 270,583	$ 131,784	$ -	$ 237,606	$ 13,969	$ 21,322	$ 675,264	$ 658,992
Payroll taxes	22,883	10,958	-	19,833	1,271	2,029	56,974	57,260
Employee benefits	29,937	19,552	392	16,101	1,414	2,357	69,753	67,118
Total Compensation and Benefits	323,403	162,294	392	273,540	16,654	25,708	801,991	783,370
Advertising and promotion	4,642	2,284	-	2,113	174	328	9,541	6,174
Conferences and seminars	194	(20)	-	5,450	-	-	5,624	7,614
Depreciation	2,574	1,286	-	1,190	98	184	5,332	3,489
Dues and subscriptions	1,736	8,723	-	786	65	122	11,432	10,580
Equipment repairs and maintenance	18,094	8,867	-	8,567	649	1,225	37,402	32,430
Interest	26	13	-	12	1	2	54	4,967
Insurance	8,092	4,040	-	3,739	307	580	16,758	9,420
Meals	-	-	-	-	-	32,626	32,626	36,147
Meetings and banquets	-	-	-	-	-	-	-	354
Office supplies	3,655	1,668	-	1,543	127	240	7,233	9,611
Program expenses	133,815	3,729	2,000	5,427	29,947	382	175,300	99,414
Postage	128	64	-	59	5	9	265	1,755
Printing	-	27	-	-	-	-	27	-
Professional services	994	-	10,000	7,700	-	-	18,694	25,197
Rent	10,134	5,059	-	4,682	385	727	20,987	17,418
Telephone	248	(120)	-	2,504	(6)	148	2,774	2,123
Travel	7,831	(143)	-	65	41	361	8,155	11,681
Utilities	2,198	1,264	-	809	122	230	4,623	6,590
Total Other Expenses	194,361	36,741	12,000	44,646	31,915	37,164	356,827	284,964
Total Functional Expenses	$ 517,764	$ 199,035	$ 12,392	$ 318,186	$ 48,569	$ 62,872	$ 1,158,818	$ 1,068,334

See accompanying notes.

	Years Ended August 31, 2021	2020
Cash Flows from Operating Activities		
Increase in net assets	**$ 278,134**	$ 153,181
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Change in beneficial interest in net assets of a community foundation	**(64,475)**	(9,153)
Depreciation	**6,479**	4,256
Paycheck Protection Program loan forgiveness revenue	**(197,040)**	-
(Increase) decrease in assets		
Accounts receivable	**(54,661)**	10,727
Pledges receivable	**-**	3,300
Prepaid expenses	**(3,150)**	(639)
Increase (decrease) in liabilities		
Accounts payable	**(27,793)**	6,932
Accrued payroll taxes and other expenses	**11,114**	10,627
Net Cash Provided by (Used in) Operating Activities	**(51,392)**	179,231
Cash Flows from Investing Activities		
Purchase of property and equipment	**(4,377)**	(10,937)
Net Cash Used in Investing Activities	**(4,377)**	(10,937)
Cash Flows from Financing Activities		
Issuance of long-term debt	**176,100**	197,040
Net repayment on line of credit	**(120,000)**	-
Net Cash Provided by Financing Activities	**56,100**	197,040
Net Increase in Cash, Cash Equivalents, and Restricted Cash	**331**	365,334
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	**493,307**	127,973
Cash, Cash Equivalents, and Restricted Cash at End of Year	**$ 493,638**	$ 493,307
Supplemental Disclosure of Cash Flow Information		
Interest paid	**$ 66**	$ 6,062
Cash and Cash Equivalents is Comprised of the Following on the Statement of Financial Position		
Cash and cash equivalents	**$ 459,636**	$ 419,597
Restricted cash	**34,002**	73,710
	$ 493,638	$ 493,307

Note 1 - Nature of Business

Jewish Family Service of Greater Harrisburg, Inc. (the Corporation) is a social service agency. Until November 7, 1996, activities of the Corporation were provided through the United Jewish Community of Greater Harrisburg, now Jewish Federation of Greater Harrisburg. On November 7, 1996, the Corporation became a separate legal entity, organized as a Pennsylvania nonprofit corporation. The Corporation provides assistance to Jewish and general communities through adoption and foster care services, counseling, kosher meals on wheels, outreach services, family based mental health services, children's play, and cognitive behavioral therapy, children's support and other groups, and other programs.

Note 2 - Summary of Significant Accounting Policies

A summary of the Corporation's significant accounting policies consistently applied in the preparation of the accompanying financial statements is as follows.

Basis of Accounting

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

Basis of Presentation

The Corporation follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) *Topic 958*, *Not-for-Profit Entities*. Under ASC *Topic 958*, the Corporation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets are classified as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Some donor-imposed restrictions are temporary in nature, such as those that will be met either by actions of the Corporation and/or the passage of time. 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.

Cash and Cash Equivalents

The Corporation considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are reported net of an allowance for doubtful accounts to reserve for potential uncollectible amounts. Receivables are generally due thirty days after billed. The allowance for doubtful accounts is estimated based upon the collectability of delinquent accounts, generally those accounts that are three months or more past due. Receivables are charged off against the allowance when, in the judgement of management, it is unlikely they will be collected. Allowance for doubtful accounts was $4,461 at August 31, 2021 and 2020.

Note 2 - Summary of Significant Accounting Policies (continued)

Pledges Receivable

Unconditional promises to give are recorded as pledges and are recognized as revenues when notified of the pledge. Pledges receivable are recorded at the present value of their estimated future cash flows. The discounts on those amounts were computed using risk-free interest rates. Amortization of the discount, if any, is included in contribution income. The allowance method is used to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific pledges made.

Beneficial Interest in Net Assets of a Community Foundation

Beneficial interest in net assets of a community foundation is reported at fair value as determined by the community foundation.

Property and Equipment

Property and equipment are recorded at cost, if purchased, and fair value at the date of the donation, if contributed. Amounts exceeding $500, which are property and equipment expenditures and betterments that enhance property and equipment values are capitalized, while maintenance and repairs are expensed when incurred. Depreciation is computed using the straight-line method of accounting over the estimated useful lives of the assets.

Long-Lived Assets

Long-lived assets, other than those held for sale, are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value amount. Fair value estimates are based on assumptions concerning the amount and timing of the estimated future cash flows and discount rates reflecting varying degrees of perceived risk. Management of the Corporation concluded that no impairment adjustments were required during the years ended August 31, 2021 or 2020.

Revenue Recognition

Program and Service Fees

Program and service revenues represent fees charged for foster care and adoption services, family based mental health services, group home services, kosher meals on wheels services, and counseling services. Program and service fees are recognized at the time the service is provided. Any amounts collected but unearned would be classified as deferred revenue and recognized as income in the applicable period. If additional performance obligations should occur, the revenue for these obligations is recognized when the product or service is provided.

Note 2 - Summary of Significant Accounting Policies (continued)

Contributions

The Corporation recognizes contributions when cash, other assets, or an unconditional promise to give is received. Conditional promises to give and contributions received, 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 substantially met.

All contributions are considered to be available for operations unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as support with donor restrictions that increases that net asset class. When a restriction expires, that is, when a stipulated time restriction or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. If a restriction is satisfied in the same year the contribution is received, the support is reported as revenue without donor restrictions.

The Corporation reports gifts of property and equipment (or any other long-lived assets) as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit donor restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Grants

Grant revenue deemed to be a contribution is classified as either support with or without donor restrictions when received or receivable, as appropriate depending on the existence of donor restrictions. Such grant revenue is not deemed to be in respect of exchange transactions, since the proceeds thereof are non-reciprocal, unconditional, and voluntary.

Grant revenue deemed to be in respect of exchange transactions is classified as revenue without donor restrictions or deferred revenue, as appropriate, when received or receivable. Such grant revenue is not deemed to be a contribution since the proceeds thereof are used to pursue objectives of the grantor.

Note 2 - Summary of Significant Accounting Policies (continued)

Donated Services

The Corporation receives donated services in carrying out its activities. In accordance with FASB ASC 958-605-25, these donated services do not meet the criteria for recognition as contributed services and, therefore, no revenue or expense for donated services are included in the financial statements.

Income Tax Status

The Corporation is a not-for-profit entity described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from income taxes on related activities pursuant to 509(a) of the IRC. In addition, the Corporation was organized under the Pennsylvania Nonprofit Corporation Law and is exempt from state income taxes.

The Corporation follows the standards for accounting for uncertainty in income taxes according to the principles of FASB ASC 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It requires management to evaluate tax positions taken by the Corporation, including whether the entity is exempt from income taxes. Management evaluated the tax positions taken and concluded that the Corporation had taken no uncertain tax positions that require recognition or disclosure in the financial statements. With few exceptions, the Corporation is no longer subject to income tax examinations by the U.S. Federal, state, or local tax authorities for years before 2018.

Functional Allocation of Expenses

The Corporation allocates its expenses on a functional basis among the various program and supporting services. Expenses that can be identified, with a specific program and supporting services, are allocated directly according to their natural expenditures classification. Certain expenses have been allocated among the programs and supporting services benefited using reasonable and applicable basis that may include square footage and estimated time and usage.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles 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 amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Advertising

The Corporation follows the policy of charging costs of advertising to expense as incurred.

Note 2 - Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Pronouncement

In August 2018, the FASB issued Accounting Standards Update No. 2018-13, *Fair Value Measurement* (*Topic 820*): *Disclosure Framework - Changes to Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Corporation adopted this new standard during the year ended August 31, 2021. The effect of adopting the ASU resulted in the removal or modification of certain fair value measurement disclosures and did not have a material impact on the financial statements.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842*), and subsequently amended in ASU 2019-10 and ASU 2020-05. The guidance in these ASU's supersedes the leasing guidance in *Topic 840, Leases*, which sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases, based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases, and operating leases. The new standard is effective for privately held companies for fiscal years beginning after December 15, 2021, including interim periods within fiscal years beginning after December 15, 2022.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which will require not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Also, this ASU will require disclosure of a disaggregation of the amount of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets as well as additional information around valuation and usage of the contributed nonfinancial assets. The amendments in this standard should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022.

The Corporation is currently evaluating the impact of the pending adoption of the new standards on the financial statements.

Note 3 - Liquidity and Availability

The Corporation manages its liquidity by managing its working capital.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at August 31:

	2021	2020
Cash and cash equivalents	**$ 459,636**	$ 419,597
Restricted cash	**34,002**	73,710
Accounts receivable, net	**150,234**	95,573
Pledges receivable	**5,838**	5,838
Annual distribution from beneficial interest in net assets of a community foundation	**-**	7,410
Total Financial Assets	**649,710**	602,128
Amounts that are internally designated or externally restricted		
Donor-imposed restrictions		
Restricted cash	**(34,002)**	(73,710)
Pledges receivable - United Way	**(5,858)**	(5,858)
Financial Assets not Available to be Used Within One Year	**(39,860)**	(79,568)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	**$ 609,850**	$ 522,560

The Corporation has assets limited to use due to being held in accounts designated for use for certain programs. These assets limited to use, which are more fully described in Notes 5 and 11 are not available for general expenditure within the next year.

The Corporation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Corporation manages its cash available to meet general expenditures following these guiding principles:

- Operating with a prudent range of financial soundness and stability; and
- Sustaining adequate liquid assets; and
- Maintaining a $100,000 operating line of credit.

Note 4 - Concentrations

The Corporation maintains cash balances at financial institutions, which may at times, exceed federally insured limits. The Corporation has not experienced any losses from maintaining cash accounts in excess of federally insured limits. Management believes that it is not subject to any significant credit risks on its cash accounts.

The Corporation has a contract with a non-related social service organization to provide adoption services. Revenue from this contract is included in Program Services Fees-Adoption and is 25% and 24% of total program service fees revenue during each of the years ended August 31, 2021 and 2020, respectively, and the receivable amount from this organization is 29% and 38% of total accounts receivable at August 31, 2021 and 2020, respectively.

Note 5 - Pledges Receivable

The pledges receivable consists of United Way funding for the subsequent year and various contribution amounts pledged by individual's payable in the subsequent year. The pledges receivable amounts have been recorded at estimated realizable value, net of allowance for uncollectible pledges receivable. There was no allowance for uncollectible pledges receivable at August 31, 2021 and 2020.

Note 6 - Beneficial Interest in Net Assets of a Community Foundation

The Corporation is the beneficiary of eight endowment funds of the Greater Harrisburg Foundation, a component of the Foundation for Enhancing Communities (the Foundation), a community foundation. The funds are the property of the Foundation and are held as component funds of the Foundation. The Corporation funds are co-mingled with those of other funds for investment purposes.

The Board of Directors has directed the Foundation to distribute the income according to the Foundation's spending policy for the endowment funds.

The organizational endowment funds are reflected in the statement of financial position as beneficial interest in net assets of a community foundation.

Note 7 - Fair Value of Financial Instruments

FASB ASC 820-10-05, *Fair Value Measurements* (FASC 820-10-05), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value based on the transparency of the inputs to the valuation of an asset or liability as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.

Note 7 - Fair Value of Financial Instruments (continued)

Level 2 - Inputs to the valuation methodology include other significant observable inputs such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; or
- 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.

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

The following is a description of the valuation methodology and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended August 31, 2021.

Beneficial interest in net assets of a community foundation

Assets held by the Foundation are invested in fixed income funds, equities and equity funds that have quoted prices in active markets. The Corporation adjusts its interest in the assets held by the Foundation similar to the equity method of accounting, which results in the assets being carried at fair value. The interest in the assets held by the Foundation is measured using Level 3 inputs within the fair value hierarchy.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Corporation believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 7 - Fair Value of Financial Instruments (continued)

Assets/liabilities measured at fair value on recurring basis comprise the following:

	Fair Value Measurements at August 31, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Beneficial interest in net assets of a community foundation	**$ -**	**$ -**	**$ 230,344**	**$ 230,344**
	Fair Value Measurements at August 31, 2020			
Beneficial interest in net assets of a community foundation	$ -	$ -	$ 165,869	$ 165,869

We evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended August 31, 2021 and 2020, there were no transfers in or out of Level 3.

Note 8 - Property and Equipment, Net

Property and equipment consist of the following at August 31:

	2021	**2020**
Furniture and equipment	**$ 60,113**	$ 55,736
Accumulated depreciation	**(39,992)**	(33,513)
	$ 20,121	$ 22,223

Note 9 - Long-Term Debt

Long-term debt consists of the following at August 31:

	2021	**2020**
Paycheck Protection Program Loan #1	**$ -**	$ 197,040
Paycheck Protection Program Loan #2	**176,100**	-
Current portion of long-term debt	**(5,637)**	-
Total Long-Term Debt	**$ 170,463**	$ 197,040

Note 9 - Long-Term Debt (continued)

Paycheck Protection Program Loan #1 - On March 27, 2020, Congress enacted the CARES Act which established Paycheck Protection Program (the Program). The Program was created to assist small businesses in paying their employees and certain other expenses during the COVID-19 crisis. The Corporation applied for a loan under this Program and received from its bank a loan in the amount of $197,040 on May 8, 2020. The loan was forgivable if the Corporation met certain criteria as established under the Program with interest at 1.00%. Any loan amount not forgiven under the Program would have been due in May 2022. Payments were deferred until the amounts of forgiveness were determined; however, interest continued to accrue over this period. The loan was unsecured and did not require personal guarantees. The Corporation applied for and was granted loan forgiveness from its bank in February 2021.

Paycheck Protection Program Loan #2 - On January 6, 2021, the U.S. Small Business Administration (SBA) and the Department of the Treasury released interim final rules related to the expansion and extension of the Program that was enacted on March 27, 2020 by the CARES Act. The Corporation applied for and was granted a second loan under this program in March 2021 in the amount of $176,100. Any of the loan amount not forgiven under the Program was expected to be due in March 2026 with interest at 1.00%. The loan was unsecured and did not require personal guarantees. The Corporation applied for and was granted loan forgiveness from its bank in September 2021.

Future maturities are as follows at August 31:

2022	**$**	**5,637**
2023		**46,958**
2024		**47,430**
2025		**47,907**
2026		**28,168**

Note 10 - Line of Credit

The Corporation has a business line of credit loan with BB&T, which had a maximum limit of $100,000 and $120,000 at August 31, 2021 and 2020, respectively. The line of credit is payable in monthly installments of interest only and principal is due on demand. The interest rate is a variable rate of interest that is equal to the lender's prime rate, plus 0.50%. The interest rate at August 31, 2021 and 2020 was 5.00%.

Note 11 - Net Assets with Donor Restrictions

Net assets with donor restrictions, which are temporary in nature, are available for the following purposes at August 31:

	2021	2020
Pledges Receivable - United Way	**$ 5,858**	$ 5,858
Jewish Family Service Operating Resources Fund	**96,494**	73,092
Jewish Family Service Counseling Subsidy Fund	**13,146**	10,006
Jewish Family Service Healing Center Fund	**21,397**	16,207
Jewish Family Service Family Life Education Fund	**13,222**	10,040
Jewish Family Service Outreach Programs Fund	**14,129**	13,719
Jewish Family Assistance Endowment Fund	**18,099**	10,759
Jack, Jan, and Harren Pitnick Fund	**25,139**	20,725
Libby Urie Philanthropic Fund	**28,717**	11,321
Case Management and Family Assistance Program	**34,002**	73,710
	$ 270,203	$ 245,437

Note 12 - Pension Plan

Pension benefits are provided to the Corporation's employees under the Jewish Federation of Greater Harrisburg Pension Plan, a noncontributory defined benefit pension plan sponsored by Jewish Federation of Greater Harrisburg covering employees who meet age and service requirements. The plan was amended effective December 31, 2013 to exclude from participation all employees not already participating in the plan and to cease benefit accruals and the crediting hours of service for purposes of accruing additional years of benefit service. Eligible employees may have elected to be excluded from the plan. Benefits are based on years of service and average compensation of the employees. The Corporation does not have a formal agreement to determine the amount of its pension contribution to be made to the plan, if any. Jewish Federation of Greater Harrisburg, based on the actuarial report for the plan, required cash contributions to the plan of $24,659 and $27,094 for the years ended August 31, 2021 and 2020, respectively. The Corporation plans to make pension contributions for the year ended August 31, 2022 in the projected amount of $12,755.

The Corporation sponsors a 403(b) defined contribution plan covering substantially all of its employees. Eligibility occurs immediately upon employment with the Corporation. The plan is entirely funded by voluntary employee contributions. The Corporation does not match employee contributions or make additional contributions to the plan.

Note 13 - Operating Leases

During September 2017, the Corporation entered into a 63-month non-cancelable copier lease with a base monthly lease payment of $381. Rent expense under the lease agreement for the years ended August 31, 2021 and 2020 was $3,040 and $5,572, respectively. Future minimum lease payments for the next two years are $4,577 annually through the year ended August 31, 2022 and $1,144 for the year ended August 31, 2023.

Note 13 - Operating Leases (continued)

During January 2021, the Corporation entered into a 63-month non-cancelable copier lease with a base monthly lease payment of $315. Rent expense under the lease agreement for the years ended August 31, 2021 was $2,497. Future minimum lease payments for the next five years are $3,780 annually through the year ended August 31, 2025 and $2,520 for the year ended August 31, 2026.

Note 14 - Related Party Transactions

The fundamental relationship between the Corporation and the Jewish Federation of Greater Harrisburg (formerly the United Jewish Community of Greater Harrisburg) that reflects the purposes for which the Corporation was created is described in a relationship agreement dated February 8, 2001. The Corporation received $34,200 and $41,250, respectively, cash support from Jewish Federation of Greater Harrisburg during the years ended August 31, 2021 and 2020.

In an agreement dated February 8, 2001, the Corporation entered into a lease agreement to lease a building owned by Jewish Federation of Greater Harrisburg. In addition, this agreement included administrative services to be provided by Jewish Federation of Greater Harrisburg. The initial term was five years, with the option to extend for one period of five years which was exercised on January 1, 2006 and the lease term was through December 31, 2010. However, the lease is being renewed on an annual basis with the same terms. The initial lease called for monthly rental payments of $1,210, with an additional $200 paid to a capital reserve fund held by Jewish Federation of Greater Harrisburg. In addition, the monthly rental payments are subject to annual increases by an amount equal to the increase in the Consumer Price Index. The current monthly rental amount is $2,125 at August 31, 2021. At August 31, 2021 and 2020, total rental and facility expense under this lease was $25,500 and $21,250, respectively.

The administrative services to be provided by Jewish Federation of Greater Harrisburg under this agreement include the administering of employee benefits and marketing and public relations services. During the years ended August 31, 2021 and 2020, the Corporation incurred expenses totaling $34,315 and $32,485, respectively, to Jewish Federation of Greater Harrisburg for pension, dental, vision, life and disability insurance, and other benefits, and $6,250 and $5,000, respectively, for marketing and public relations services. At August 31, 2021 and 2020, total amount payable to Jewish Federation of Greater Harrisburg was $2,894 and $1,250, respectively.

Note 15 - Program Service Fees

Program service fees consisted of the following for the years ended August 31:

	2021	2020
Adoption and Foster Care	**$ 471,095**	$ 469,167
Counseling	**239,265**	306,026
Kosher Meals on Wheels	**30,232**	31,399
Group Home	**16,736**	13,830
Family Based Mental Health	**382,800**	336,527
	$ 1,140,128	$ 1,156,949

Note 16 - Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The actions taken to mitigate it may have an impact and are expected to continue to have an adverse impact on the economy, financial markets, public support, and the geographical area in which the Corporation operates. It is unknown how long these conditions will last and what the complete financial effect will be to the Corporation. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

Note 17 - Subsequent Events

The Corporation has evaluated subsequent events through April 8, 2022. This date is the date the financial statements were available to be issued. The following subsequent event was noted:

> As noted in Note 9, the Corporation received notification in September 2021 from SBA that the Paycheck Protection Program Loan #2 was fully forgiven.

No other material events subsequent to August 31, 2021 were noted.