Jewish Family & Community Services, Inc. and Affiliates

Combined Financial Statements

June 30, 2017

CARR RIGGS & INGRAM
CPAs and Advisors
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Jewish Family & Community Services, Inc. and Affiliates

Report on the Financial Statements

We have audited the accompanying financial statements of Jewish Family & Community Services, Inc. and Affiliates (the "Organization") which comprise the combined statement of financial position as of June 30, 2017, and the related combined statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, including the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.650, Rules of the Auditor General, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's 2016 financial statements, and our report dated November 9, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2017 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

St. Augustine, Florida
December 1, 2017

Combined Statement of Financial Position
As of June 30, 2017

	2017	(Summarized Comparative Information) 2016
Assets		
Current assets:		
Cash	**$ 2,000,302**	$ 775,697
Accounts receivable	**92,161**	87,760
Contracts receivable	**263,203**	101,746
Capital campaign pledges receivable	**1,139,310**	-
Other assets	**236,477**	215,871
Total current assets	**3,731,453**	1,181,074
Noncurrent assets:		
Investments	**1,588,670**	1,888,329
Contribution receivable – M.R. Hirschberg Irrevocable Trust	**789,743**	746,395
Capital campaign pledges receivable	**2,285,428**	-
Property and equipment, net	**4,915,862**	636,664
Beneficial interest in Keebler fund	**153,289**	143,257
Total noncurrent assets	**9,732,992**	3,414,645
Total assets	**$ 13,464,445**	$ 4,595,719
Liabilities and net assets		
Current liabilities:		
Accounts payable	**$ 376,299**	$ 94,063
Accrued expenses	**341,960**	163,604
Deferred revenue	**317,004**	211,618
Notes payable	**163,196**	-
Total current liabilities	**1,198,459**	469,285
Long-term debt:		
Notes payable	**2,990,796**	-
Total liabilities	**4,189,255**	-
Net assets:		
Unrestricted:		
Investment in property and equipment	**1,761,870**	636,664
Unrestricted - other	**2,155,156**	1,668,749
Total unrestricted	**3,917,026**	2,305,413
Temporarily restricted	**5,165,272**	1,628,129
Permanently restricted	**192,892**	192,892
Total net assets	**9,275,190**	4,126,434
Total liabilities and net assets	**$ 13,464,445**	$ 4,595,719

See accompanying notes.

Combined Statement of Activities
Year ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	**2017 Total**	2016 (Summarized Comparative Information)
Public support					
United Way of Jacksonville	**$ 1,106,941**	**$ -**	**$ -**	**$ 1,106,941**	$ 1,161,506
Jacksonville Jewish Federation	**279,000**	**-**	**-**	**279,000**	295,000
Capital Campaign	**1,101,483**	**3,424,738**	**-**	**4,526,221**	-
Donations and grants	**498,549**	**388,515**	**-**	**887,064**	679,720
Total public support	**2,985,973**	**3,813,253**	**-**	**6,799,226**	2,136,226
Governmental support					
State Department of Children and Families	**7,655,059**	**-**	**-**	**7,655,059**	5,290,215
Emergency Food and Shelter Program	**29,895**	**-**	**-**	**29,895**	34,000
City of Jacksonville	**530,782**	**-**	**-**	**530,782**	307,958
Total governmental support	**8,215,736**	**-**	**-**	**8,215,736**	5,632,173
Other revenue and gains					
Program service fees:					
Counseling	**85,835**	**-**	**-**	**85,835**	77,945
Jewish services	**37,126**	**-**	**-**	**37,126**	27,645
Adoption	**15,099**	**-**	**-**	**15,099**	40,786
Medicaid/medicare/insurance	**404,040**	**-**	**-**	**404,040**	398,175
Increase (decrease) in:					
Remainder trust	**-**	**78,830**	**-**	**78,830**	10,660
Beneficial interest	**17,159**	**-**	**-**	**17,159**	(1,023)
Other investment earnings	**138,362**	**74,983**	**-**	**213,345**	19,479
Forgiveness of note payable	**-**	**-**	**-**	**-**	250,000
Other	**56,564**	**-**	**-**	**56,564**	55,968
Total other revenue and gains	**754,185**	**153,813**	**-**	**907,998**	879,635

(Continued)

Combined Statement of Activities
Year ended June 30, 2017

(Concluded)

	Unrestricted	Temporarily Restricted	Permanently Restricted	**2017 Total**	2016 (Summarized Comparative Information)
Net assets released from restrictions					
Satisfaction of:					
Purpose restrictions	**394,441**	**(394,441)**	**-**	**-**	-
Time restrictions	**35,482**	**(35,482)**	**-**	**-**	-
Total net assets released from restrictions	**429,923**	**(429,923)**	**-**	**-**	-
Total support and revenue	**12,385,817**	**3,537,143**	**-**	**15,922,960**	8,648,034
Expenses					
Program services:					
Child safety	**6,719,560**	**-**	**-**	**6,719,560**	4,742,230
Comprehensive emergency assistance	**419,960**	**-**	**-**	**419,960**	344,773
Counseling	**1,429,131**	**-**	**-**	**1,429,131**	1,063,492
Achievers for life	**1,079,107**	**-**	**-**	**1,079,107**	1,148,913
Jewish services	**626,129**	**-**	**-**	**626,129**	476,159
Adoption	**35,353**	**-**	**-**	**35,353**	52,091
Total program services	**10,309,240**	**-**	**-**	**10,309,240**	7,827,658
Support services:					
General and administrative	**102,857**	**-**	**-**	**102,857**	55,846
Fundraising	**362,107**	**-**	**-**	**362,107**	293,561
Total support services	**464,964**	**-**	**-**	**464,964**	349,407
Total expenses	**10,774,204**	**-**	**-**	**10,774,204**	8,177,065
Change in net assets	**1,611,613**	**3,537,143**	**-**	**5,148,756**	470,969
Net assets - beginning	**2,305,413**	**1,628,129**	**192,892**	**4,126,434**	3,655,465
Net assets - ending	**$ 3,917,026**	**$ 5,165,272**	**$ 192,892**	**$ 9,275,190**	$ 4,126,434

See accompanying notes.

Combined Statement of Cash Flows
Year ended June 30, 2017

	2017	(Summarized Comparative Information) 2016
Cash flows from operating activities		
Change in net assets	**$ 5,148,756**	$ 470,969
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	**64,047**	73,481
Forgiveness of note payable	**-**	(250,000)
Gain on investment securities	**(200,341)**	(18,407)
(Increase) decrease in beneficial interest in Keebler Fund	**(10,032)**	8,661
Change in:		
Receivables	**(3,633,944)**	(14,446)
Other assets	**(20,606)**	(107,914)
Accounts payable	**282,236**	(97,319)
Accrued expenses	**178,356**	(128,171)
Deferred revenue	**105,386**	(68,055)
Net cash provided (used) by operating activities	**1,913,858**	(131,201)
Cash flows from investing activities		
Purchase of property and equipment	**(1,148,260)**	(31,069)
Proceeds from sale of investments	**500,000**	4,267
Net cash used by investing activities	**(648,260)**	(26,802)
Cash flows from financing activities		
Payments on mortgage note	**(40,993)**	-
Net cash used by financing activities	**(40,993)**	-
Net change in cash	**1,224,605**	(158,003)
Cash - beginning	**775,697**	933,700
Cash - ending	**$ 2,000,302**	$ 775,697
Supplemental Cash Flow Information:		
Cash paid during the year for interest	**44,861**	-
Noncash financing and investing activities:		
Purchase of building with debt	**$ 3,194,985**	-

See accompanying notes.

Combined Statement of Functional Expenses
Year ended June 30, 2017

	Child Safety	Comprehensive Emergency Assistance	Counseling	Achievers for Life	Jewish Services	Adoption	General and Admini-strative	Fund-raising	**2017 Total**	(Summarized Comparative Information) 2016
Salaries	$ 4,216,122	$ 90,476	$ 992,846	$ 764,716	$ 315,948	$ 15,658	$ 66,385	$ 167,926	**$ 6,630,077**	$ 5,081,165
Employee benefits	446,233	11,362	95,537	74,564	12,202	-	7,140	20,860	**667,898**	485,012
Payroll taxes and other expenses	398,439	8,933	96,388	72,816	27,981	1,833	5,828	13,736	**625,954**	488,096
Total payroll related expenses	5,060,794	110,771	1,184,771	912,096	356,131	17,491	79,353	202,522	**7,923,929**	6,054,273
Professional fees	111,417	2,685	38,695	19,342	8,452	264	3,107	5,144	**189,106**	146,542
Contractual service providers	2,073	21,311	82,854	4,605	-	-	-	-	**110,843**	120,842
Supplies	43,765	917	5,456	5,723	4,626	531	569	2,584	**64,171**	63,472
Telephone	59,535	163	7,896	11,488	3,236	301	478	1,098	**84,195**	68,134
Postage	6,077	159	13	2,730	1,468	77	246	3,279	**14,049**	12,063
Occupancy	175,852	3,715	32,396	5,323	6,938	1,390	2,073	2,029	**229,716**	212,931
Software, equipment and maintenance	62,010	1,403	7,889	7,880	5,125	633	1,028	6,126	**92,094**	75,571
Printing and publication	407	-	-	44	-	-	42	-	**493**	1,572
Travel	279,207	542	36,733	19,516	20,758	973	99	323	**358,151**	322,728
Marketing	226	-	886	989	1,593	5,007	37	130,406	**139,144**	94,868
Conference and training expenses	33,376	131	5,568	4,181	4,172	72	1,837	1,232	**50,569**	30,606
Employment	3,063	-	281	199	235	47	12	-	**3,837**	2,187
Program expenses and supplies	42,249	10,700	5,404	27,569	79,930	-	-	-	**165,852**	115,202
Special assistance	655,403	261,781	4,354	24,768	123,986	6,794	-	-	**1,077,086**	675,647
Membership dues	10,931	301	1,585	1,777	1,723	136	590	1,144	**18,187**	17,701
Bank fees and interest expense	35,666	575	275	6,074	335	226	5,792	2,217	**51,160**	3,905
Insurance	62,374	1,469	5,580	12,465	3,699	1,201	908	1,850	**89,546**	83,537
Other expenses	35,190	841	-	5,923	-	-	6,075	-	**48,029**	1,803
Total expenses before depreciation	6,679,615	417,464	1,420,636	1,072,692	622,407	35,143	102,246	359,954	**10,710,157**	8,103,584
Depreciation	39,945	2,496	8,495	6,415	3,722	210	611	2,153	**64,047**	73,481
Total expenses	$ 6,719,560	$ 419,960	$ 1,429,131	$ 1,079,107	$ 626,129	$ 35,353	$ 102,857	$ 362,107	**$ 10,774,204**	$ 8,177,065

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Combined Financial Statements

The financial statements include the combined accounts of Jewish Family & Community Services, Inc. (JFCS, Inc.), JFCS Charities, Inc. and JFCS Realty, Inc., collectively referred to as the "Organization." All of these entities are under the operational control of the Executive Director of the Organization. The accounts of these three organizations have been combined and inter-organization transactions and balances have been eliminated.

Organization

JFCS, Inc. is a nonprofit corporation established in 1917 and incorporated in 1929. It has been a vital part of the Jacksonville Community for nearly 100 years, lending a helping hand to people from all walks of life while remaining true to the mission of helping people help themselves.

JFCS, Inc. provides the Northeast Florida community with client and family-centered services designed to strengthen the skills necessary for self-sufficiency and physical/mental health and well-being. Services include emergency financial assistance and financial assistance case management, an emergency food pantry, mental health counseling, support groups, adoption, community-based prevention services and foster care, programs for at-risk middle school children, life skills education, and senior services. JFCS, Inc. is supported primarily through donor contributions, government and other grants, the United Way, the Jewish Federation of Jacksonville, and Medicaid. JFCS Charities, Inc. and JFCS Realty, Inc. were formed in 2005 for the purpose of providing support services to JFCS, Inc. JFCS, Inc. and JFCS Charities, Inc. are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, qualify for the charitable contribution deduction, and have been classified as organizations that are not private foundations. JFCS Realty, Inc. is exempt from income taxes under Section 501(c)(2) of the Internal Revenue Code and has been classified as an organization that is not a private foundation.

Basis of Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to three classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers cash on hand, deposits in banks, certificates of deposit and all highly liquid investments with initial maturities of three months or less to be cash and cash equivalents unless such amounts are restricted or designated for long-term investment.

Investments

Investments are reported at fair value.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Property and Equipment

Property and equipment are stated at cost except for donated equipment, which is stated at fair value at date of receipt. Depreciation is recorded on the straight-line basis over the estimated useful lives ranging from 3 to 30 years. The Organization capitalizes tangible property worth more than $500 and with a useful life in excess of one year.

Deferred Revenue

The Organization is the recipient of grants that require expenditures for specified activities. Certain grantors pay in advance of incurring the specified costs; in those cases, the amount received in excess of amounts spent on reimbursable costs is reported as deferred revenue.

Contributions

Contributions received are reported as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributed Services

The Corporation recognizes contributed services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Functional Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. The Organization assigns most expenses directly to the benefited function. General, administrative, and marketing expenses are allocated based on the proportions of direct costs of each function.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income Taxes

The Organization is exempt from Federal and State taxes under Section 501(c)(3) and 501(c)(2) of the Internal Revenue Code and relevant state tax regulations. As of June 30, 2017, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 1, 2017, the date the financial statements were available to be issued.

NOTE 2 – CASH

The Organization maintains its cash balances at financial institutions located in Jacksonville, Florida. Cash balances in banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Cash balances with a broker-dealer are insured by the Securities Investor Protection Corporation (SIPC) up to $250,000.

NOTE 3 – INVESTMENTS

Investments are comprised of the following:

Jewish Family & Community Services Endowment Fund:	
Mutual funds	$ 979,846
Miller Trust Fund:	
Money market funds	52,065
Mutual funds	556,759
Total	$ 1,588,670

NOTE 4 – CONTRACTS RECEIVABLE

Contracts receivable consist mainly of amounts due from Family Support Services of North Florida, Inc. and the State of Florida Department of Children and Families. These amounts are considered to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded and the Organization requires no collateral for these receivables.

NOTE 5 – PLEDGES RECEIVABLE

Pledges receivable are recorded as receivables and revenues when received and are discounted to the anticipated net present value of the future cash flows using a discount rate of 4%. These receivables are restricted for use in the Organization's capital campaign to purchase its new office building. The Organization considers all of the receivables to be fully collectible and no allowance for doubtful accounts is provided.

Pledges receivable are expected to be realized as follows:

In one year or less	$	1,139,310
Between one and five years		2,122,867
Over five years		636,500
		3,898,677
Less: discount to net present value		(473,939)
Contributions receivable - net	$	3,424,738

NOTE 6 – SPLIT-INTEREST AGREEMENTS

M.R. Hirschberg Irrevocable Trust

The Organization is one of ten residual beneficiaries of a charitable remainder annuity trust, the M.R. Hirschberg Irrevocable Trust. The trust pays a level distribution to specified individuals until their death, at which time distributions of the deceased are paid equally to the ten charities named as residual beneficiaries. Upon the death of the last individual beneficiary, the corpus of the trust will be distributed equally to the ten residual beneficiaries. It is estimated that the corpus will grow at 1% per year and will be distributed approximately 5 years after June 30, 2017. The present value of the estimated annual distributions and the final distribution of corpus was computed at a 7% discount rate, and is reported as Contribution Receivable – M.R. Hirschberg Irrevocable Trust.

J. Wayne and Delores Barr Weaver Fund

The Organization has entered into an agreement with a Foundation whereby it is one of a number of other beneficiaries in a split-interest arrangement with the Foundation. The Foundation pays distributions annually to the beneficiaries based solely on the discretion of the Foundation. In accordance with Fund Agreement, the Foundation retains variance power over current and future distributions. Consequently, no value is included in the financial statements to recognize potential future benefits under this agreement. However, included in donations and grants revenue is $38,948 that the Organization received from the Foundation for the 2017 fiscal year.

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Land	$ 135,016
Buildings	2,618,992
Furniture & equipment	328,971
Building improvements	124,843
Construction in progress	2,536,878
	5,744,700
Accumulated depreciation	(828,838)
Total	$ 4,915,862

NOTE 8 – BENEFICIAL INTEREST IN KEEBLER FUND

The Organization is the beneficiary of contributions from the Meta Grace Keebler Memorial Endowment Fund held on its behalf by the Jewish Community Foundation of Northeast Florida, Inc. (JCF). Under the terms of the Fund, the Organization has the right to receive all net earnings on the Fund assets for each of the first three years and thereafter is entitled to a distribution of 5% of the Fund average market value at June 30 annually. The fair value of the corpus held at JCF is reported as the beneficial interest and changes are reported as increases or decreases in Other Revenue and Gains.

NOTE 9 – LINE-OF-CREDIT

The Organization has a $300,000 line-of-credit with Bank of America. Advances are currently payable on demand and accrue interest at a variable rate. The terms of the agreement allow for a renewal of this Line at the bank’s discretion which would change the due date at that time. Interest on advances is due monthly. The credit line is secured by equipment, inventory, and receivables of the Organization. As of June 30, 2017, no balance was outstanding on this line-of-credit.

NOTE 10 – LONG-TERM DEBT

Long term debt consists of the following:

3.8% mortgage note payable to Ameris Bank, payable in monthly installments of $23,313 per month consisting of principal and interest through March 2032; secured by Building at 8540 Baycenter Rd, Jacksonville, FL	$ 3,153,992
Less, current portion	163,196
Long-term debt	$ 2,990,796

Future debt service as of June 30, 2017 is summarized in the following tabulation:

Year Ending June 30,	
2018	$ 163,196
2019	169,507
2020	176,062
2021	182,870
2022	189,941
Thereafter	2,272,416
Total	$ 3,153,992

NOTE 11 – RESTRICTED NET ASSETS

Temporarily Restricted

Hirschberg Trust Receivable – Time restricted until receipt of annual distributions and ultimate payout of principal.	$	789,743
George Cohen Memorial Endowment – Earnings to fund educational scholarships for college age youth or younger.		3,729
L'Dor V'Dor Endowment Fund – Investment earnings available for charitable purposes of the Organization.		19,188
Capital Campaign - Pledges receivable		3,424,738
FANN – Amounts to be used for the Emergency Food Pantry and other nutritional needs.		97,348
Chai – Amounts to be used to meet the needs of older adults.		1,870
Stein Fund for Children – Amounts to be used for the benefit of children.		15,980
Tsedkah Fund - Amounts to be used for the nutritional, transportation and special needs of adults		2,117
DuBow Family Foundation – Amounts to be used to support various needs of children, families, and seniors.		95,031
Jewish Healing Network – Amounts to be used to pay expenses of program.		2,807
JS Holocaust		38,585
Transportation Fund – Amounts to be used to help subsidize senior transportation rides with Call to Go Program.		1,382
Aging Out – Amounts to be used for basic living necessities for children aging out of the foster care system.		12,514
Outlook and mental health of young males experiencing difficulties transitioning through life.		1,523
Gooding Fund – Amounts to be used to pay expenses of at-risk children to improve the quality of their lives.		22,173
Holiday Gift Giving – Amounts used for the purchase of gifts for needy children and adults.		7,223
Josh Bay Fund – Amounts to help provide for the needs of children.		50
Holland & Knight – Amounts to be used for assistance with Achievers for Life Program or Child Safety Program.		2,560
PJ Library – Amounts for Jewish-content books and music for families raising Jewish children in the community.		17,887
Alexandra Miller Endowment for JHN – Amounts to be used to enhance the Jewish Service Program.		608,824
Total temporarily restricted net assets	$	5,165,272

NOTE 11 – RESTRICTED NET ASSETS (CONTINUED)

Permanently Restricted

George Cohen Memorial Endowment – Earnings to fund educational scholarships for college age youth or younger.	$	17,000
Raela & Norman Moss Endowment – Earnings are designated by the Board to build the L'Dor V'Dor Endowment.		15,000
Beneficial Interest in Keebler Fund – Earnings to be used for services to children.		150,000
Dubrow Rainbow of Hope Endowment – Earnings to be used to fund activities or services needed to improve the attitude, outlook and mental health of young males experiencing difficulties of transitioning through life.		5,426
NCJW Fresh Start (Aging Out) – Established to support teenagers who are aging out of foster care and beginning to live on their own.		5,466
Total permanently restricted net assets	$	192,892

NOTE 12 – ENDOWMENTS

The Organization's endowment consists of 8 individual funds established for a variety of purposes. Endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. During the 2017 fiscal year, all endowment funds were donor-restricted. As required by generally accepted accounting principles, 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.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the Florida Uniform Prudent Management of Institutional Funds Act as requiring the preservation of the historical 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 permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until the donor-restriction applicable to that fund has expired.

NOTE 12 – ENDOWMENTS (CONTINUED)

Appropriation of Endowment Assets

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 policies of the Organization

Expenditures of endowment assets are made in conjunction with the intent of the original donor instrument.

Return Objectives

The primary investment objectives for the Organization's endowment are (1) to achieve long term capital appreciation and (2) the preservation of capital, on an inflation adjusted basis. The Organization expects income annually and therefore will only accept minimal short term volatility in those assets providing short-term income. However, the majority of assets are to be invested for the long term, and volatility in these assets is to be expected and accepted. Based on the investment objectives stated previously, the Organization's long-term goals are as follows:

(1) Grow endowment over time in excess of both withdrawals and inflation
(2) Preserve the endowment
(3) To earn a net investment return at least 4 percent annually in excess of the rate of inflation as measured by the Consumer Price Index (CPI) for the same time period
(4) To reach total asset benchmarks at the end of each year
(5) To create a system of rebalancing assets to mitigate downside volatility and to take advantage of market movements

Risk Parameters

The Organization defines risk in two primary ways: (1) risk of principal loss and (2) risk of declining purchasing power (losing to inflation). The Organization rates its own risk tolerance as moderate. The Organization recognizes that higher returns involve some volatility and has indicated a willingness to tolerate declines in value in any given year. The endowment will be managed in a manner that seeks to minimize principal fluctuations over the established horizon and is consistent with the stated objectives. Financial research has demonstrated that risk is best minimized through diversification of assets (including international investments) and through systematic rebalancing back to target allocations.

NOTE 12 – ENDOWMENTS (CONTINUED)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. As of June 30, 2017, there were no deficiencies of this nature.

Change in Endowment Net Assets

For the year ended June 30, 2017, the Organization had the following endowment activities:

	Temporarily Restricted	Permanently Restricted	Total Endowments
Endowment net assets,			
Beginning of year	$ 769,312	$ 192,892	$ 962,204
Investment return:			
Investment income	35,482	-	35,482
Net appreciation	43,348	-	43,348
Total investment return	78,830	-	78,830
Contributions	-	-	-
Appropriations of endowment			
Assets for expenditure	(35,482)	-	(35,482)
Endowment net assets,			
End of year	$ 812,660	$ 192,892	$ 1,005,552

NOTE 13 – CONTINGENT LIABILITIES

The Organization receives reimbursement for Medicaid for certain mental health services. Medicaid reimbursement revenues are subject to periodic audit. It is customary for most Medicaid audits to require some amount to be disallowed and repaid. The Organization has established a reserve for such possible future allowances based on a percentage of Medicaid revenues received. This reserve is approximately $40,600 at June 30, 2017, and is reported in Accrued Expenses.

NOTE 14 – RETIREMENT PLAN

The Organization sponsors a 403(b) retirement plan for the benefit of substantially all employees. Matching contributions to the plan are at the discretion of the Board. The Organization had no contributions to the plan for the year ended June 30, 2017.

NOTE 15 – FAIR VALUE MEASUREMENTS

The Organization measures fair value on a recurring basis for certain financial instruments. The following tabulation summarizes such measurements. The fair value of the remainder trust is based on the discounted present value of the receivable. The fair value of the beneficial interest in the Keebler fund is based on the fair value of the fund's underlying assets.

		Fair Value Measurements at Reporting Date Using		
Description	06/30/17	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments in mutual funds	$ 1,536,605	$ 1,536,605	$ -	$ -
Contribution receivable -				
Remainder trust	789,743	-	789,743	-
Beneficial interest in				
Keebler fund	153,289	-	-	153,289
	$ 2,479,637	$ 1,536,605	$ 789,743	$ 153,289

Changes in the Organization's Level 3 assets are summarized in the following tabulation:

Balance, beginning of year	$ 143,257
Unrealized gain	17,159
Distribution to organization	(7,127)
Balance, end of year	$ 153,289

NOTE 16 – SUMMARIZED COMPARATIVE INFORMATION

The statements of financial position, activities, cash flows and functional expenses include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

NOTE 17 – CONCENTRATION

Revenue for the year ended June 30, 2017 included revenue from one major grantor which accounted for approximately 32% of the Organization's total revenue. Expenses pertaining to this grant accounted for approximately 49% of Organization's total expenses.

Supplementary Information

Schedule of Sources and Uses of Grant Funding From the City of Jacksonville
Year ended June 30, 2017

The following schedule is presented to comply with Section 118.202(b) of the Jacksonville Municipal Code.

	2015-2016 Public Service Grant Inception of Grant - (October 1, 2015) Through September 30, 2016		2016-2017 Public Service Grant Inception of Grant - (October 1, 2016) Through June 30, 2017		Criminal Justice Reinvestment Grant Inception of Grant - (December 2, 2016) Through June 30, 2017		Safe Havens Grant Inception of Grant - (October 1, 2016) Through June 30, 2017		2015-2017 Full Service Schools Grant Inception of Grant - (July 1, 2015) Through June 30, 2017	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Support	$ 75,000	$ 74,788	$ 75,000	$ 58,208	$ 220,225	$ 134,372	$ 360,891	$ 255,016	$ 400,000	$ 366,258
Medicaid	-	-	-	-	-	-	-	-	78,000	48,004
Total Support	75,000	74,788	75,000	58,208	220,225	134,372	360,891	255,016	478,000	414,262
Expenses										
Employee Compensation	5,777	5,777	5,777	6,638	152,101	95,133	-	141,994	265,240	296,207
Taxes and Benefits	1,251	1,251	1,251	1,589	35,336	14,056	-	15,269	69,258	58,851
Travel	-	-	-	-	5,024	2,203	-	3,971	7,960	6,756
Conferences and Seminars	-	-	-	-	-	2,506	-	5,501	-	-
Consulting	-	-	-	-	-	-	-	26,035	-	3,472
Occupancy	636	636	613	1,835	-	-	-	-	-	1,124
Office Expense	1,446	1,446	169	82	2,000	1,523	-	2,996	10,342	6,270
Program Supplies	-	-	800	463	2,605	656	-	58,936	7,200	6,724
Security	-	-	-	-	-	-	-	-	-	-
Small Equipment	-	-	-	-	2,000	1,092	-	-	-	-
Direct Client Expense	65,890	65,678	65,890	47,302	950	-	-	314	-	-
Other	-	-	500	299	20,209	-	-	-	40,000	16,493
Total Expenses	$ 75,000	$ 74,788	$ 75,000	$ 58,208	$ 220,225	$ 117,169	$ 360,891	$ 255,016	$ 400,000	$ 395,897

Schedule of Expenditures of Federal Awards and State Financial Assistance
Year ended June 30, 2017

	CFDA/CSFA Number	Contract Number	Expenditures
Federal awards			
Department of Justice:			
Passed through City of Jacksonville:			
Supervised Visitation, Safe Haven for Children	16.527	AD-0396-14	$ 117,757
Department of Veterans Affairs:			
Passed through Emergency Services and Homeless Coalition of Jacksonville:			
VA Supportive Services for Veteran Families Program	64.033	12-FL-627	16,528
Department of Health and Human Services:			
Passed through Family Support Services:			
Temporary Assistance for Needy Families	93.558	CMO 015 & CMO 016	541,374
Promoting Safe and Stable Families	93.556	CMO 015 & CMO 016	782,912
Stephanie Tubbs Jones Child Welfare Services Program	93.645	CMO 015 & CMO 016	185,521
Foster Care - Title IV-E	93.658	CMO 015 & CMO 016	1,716,542
Adoption Assistance	93.659	CMO 015 & CMO 016	264,957
Department of Homeland Security:			
Passed through Emergency Food and Shelter Program:			
Emergency Food and Shelter National Board Program	97.024	31-1608-00-006	29,895
Total expenditures of federal awards			$ 3,655,486
State financial assistance			
State of Florida Department of Children and Families:			
Passed through Family Support Services:			
Out-of-Home Supports	60.074	CMO 015 & CMO 016	$ 280,308
In-Home Supports	60.075	CMO 015 & CMO 016	587,931
CBC-Sexually Exploited Children	60.138	CMO 015 & CMO 016	11,400
Passed through the City of Jacksonville:			
Emergency Financial Assistance	75.903	Program JXMS011PSG City Ordinance 2014-466-E	87,008
Total expenditures of state financial assistance			$ 966,647

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) includes the federal and state award activity of the Organizaiton under programs of the federal and state government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the requirements described in Chapter 10.650, Rules of the Auditor General. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Chapter 10.650, Rules of the Auditor General, and wherein certain types of expenditures are not allowable or are limited as to reimbursement. Awards expended consist of expenses determined in accordance with generally accepted accounting principles and equipment purchases on cost reimbursement contracts and billings on fixed price contracts.

NOTE 3 - SUBRECIPIENTS

The Organization did not provide awards to subrecipients.

NOTE 4 - INDIRECT COST RATE

The Organization has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Additional Reports

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Jewish Family & Community Services, Inc. and Affiliates

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Jewish Family & Community Services, Inc. and Affiliates (the "Organization") which comprise the combined statement of financial position as of June 30, 2017, and the related combined statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 1, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

St. Augustine, Florida
December 1, 2017

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

Board of Directors
Jewish Family & Community Services, Inc. and Affiliates

Report on Compliance for the Major Federal Program and Each Major State Project

We have audited Jewish Family & Community Services, Inc. and Affiliates' (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement,* and the requirements described in the State Projects Compliance Supplement, that could have a direct and material effect on Jewish Family & Community Services, Inc. and Affiliate's major federal program and each of its major state projects for the year ended June 30, 2017. The Organization's major federal program and major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state projects applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program and each major state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, Rules of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program and each major state project. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on the Major Federal Program and Each Major State Project

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and each major state project for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program and each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and each major state project and to test and report on internal control over compliance in accordance with the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

St. Augustine, Florida
December 1, 2017

Schedule of Findings and Questioned Costs

Part I – Summary of Auditor's Results

(i) The independent auditor's report expressed an unmodified opinion.

(ii) No significant deficiencies or material weaknesses in internal control over financial reporting were reported in the audit.

(iii) No instances of noncompliance considered material to the financial statements were disclosed by the audit.

(iv) No significant deficiencies or material weaknesses in internal control over the major federal award program or major state projects were reported in the audit.

(v) The report on compliance with requirements applicable to the major federal award program and each major state project expressed an unmodified opinion.

(vi) The audit disclosed no findings relative to the major federal award program or major state projects.

(vii) The Organization's major program/projects were:

Federal Program	CFDA Number
Foster Care- Title IV-E	93.658

State Projects	CFDA Number
Out-of-Home Supports	60.074
In-Home Supports	60.075

(viii) A threshold of $750,000 and $300,000 was used to distinguish between Type A and Type B programs for federal programs and state projects, respectively.

(ix) The Organization was determined to be a low-risk auditee as that term is defined in the Uniform Guidance.

PART II – FINANCIAL STATEMENT FINDINGS

No matters are reportable.

PART III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reportable.

PART IV – STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters are reportable. Additionally, there are no "Management Letter" comments required pursuant to the Rules of the Auditor General.

Summary Schedule of Prior Audit Findings

There were no audit findings relative to Federal or State awards reported in the Schedule of Findings and Questioned Costs for the year ended June 30, 2016.