

**JEWISH FAMILY & COMMUNITY SERVICES, INC.
AND AFFILIATES**

**COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

Year Ended June 30, 2018

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

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, 2018, and the related combined statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

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

Opinion

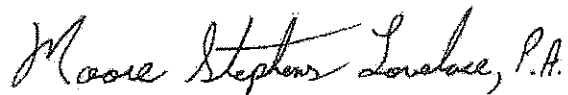
In our opinion, the combined financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Organization as of June 30, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2018, 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.

Report on Summarized Comparative Information

The Organization's 2017 combined financial statements were audited by other auditors, whose report dated December 1, 2017 expressed an unmodified opinion on those audited combined financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited combined financial statements from which it has been derived.



MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
November 19, 2018

**JEWISH FAMILY & COMMUNITY SERVICES, INC.
AND AFFILIATES**

COMBINED STATEMENT OF FINANCIAL POSITION

**June 30, 2018
(with comparative information as of June 30, 2017)**

	2018	(Comparative Information) 2017
ASSETS		
CURRENT ASSETS		
Cash	\$ 2,412,650	\$ 2,000,302
Accounts and contracts receivable, net	331,346	355,364
Capital campaign pledges receivable	661,618	1,139,310
Other assets	23,732	236,477
TOTAL CURRENT ASSETS	3,429,346	3,731,453
NONCURRENT ASSETS		
Investments	1,704,519	1,588,670
Property and equipment, net	6,441,962	4,915,862
Capital campaign pledges receivable, net	1,867,993	2,285,428
Beneficial interest in M.R. Hirschberg Irrevocable Trust	939,062	789,743
Beneficial interest in Keebler fund	160,691	153,289
TOTAL NONCURRENT ASSETS	11,114,227	9,732,992
TOTAL ASSETS	\$ 14,543,573	\$ 13,464,445
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 156,523	\$ 376,299
Accrued expenses	239,590	341,960
Deferred revenue	635,003	317,004
Note payable, current portion	163,980	163,196
TOTAL CURRENT LIABILITIES	1,195,096	1,198,459
Long-term debt:		
Notes payable	3,025,178	2,990,796
TOTAL LIABILITIES	4,220,274	4,189,255
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted	5,600,907	3,917,026
Temporarily restricted	4,529,500	5,165,272
Permanently restricted	192,892	192,892
TOTAL NET ASSETS	10,323,299	9,275,190
TOTAL LIABILITIES AND NET ASSETS	\$ 14,543,573	\$ 13,464,445

The accompanying notes are an integral part of the combined financial statements.

**JEWISH FAMILY & COMMUNITY SERVICES, INC.
AND AFFILIATES**

COMBINED STATEMENT OF ACTIVITIES

**Year Ended June 30, 2018
(with comparative summarized information for the year ended June 30, 2017)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Total	2017 (Comparative Summarized Information)
PUBLIC SUPPORT					
United Way of Jacksonville	\$ 1,077,930	\$ -	\$ -	\$ 1,077,930	\$ 1,106,941
Jacksonville Jewish Federation	276,350	-	-	276,350	279,000
Capital Campaign	-	567,550	-	567,550	4,526,221
Donations	165,261	596,398	-	761,659	745,841
Other grants	1,115,769	-	-	1,115,769	141,223
TOTAL PUBLIC SUPPORT	2,635,310	1,163,948	-	3,799,258	6,799,226
GOVERNMENTAL SUPPORT					
State Department of Children and Families	7,773,532	-	-	7,773,532	7,655,059
Emergency Food and Shelter Program	33,251	-	-	33,251	29,895
City of Jacksonville	547,875	-	-	547,875	530,782
TOTAL GOVERNMENTAL SUPPORT	8,354,658	-	-	8,354,658	8,215,736
OTHER REVENUE AND GAINS					
Program service fees:					
Counseling	72,947	-	-	72,947	85,835
Jewish services	45,404	-	-	45,404	37,126
Adoption	9,268	-	-	9,268	15,099
Medicaid/Medicare/insurance	365,557	-	-	365,557	404,040
Increase (decrease) in:					
Beneficial interest in remainder trust	-	184,800	-	184,800	78,830
Beneficial interest in fund	7,401	-	-	7,401	17,159
Investment earnings	75,969	55,627	-	131,596	213,345
Other	389,846	-	-	389,846	56,564
TOTAL OTHER REVENUE AND GAINS	966,392	240,427	-	1,206,819	907,998
NET ASSETS RELEASED FROM RESTRICTIONS					
Satisfaction of:					
Purpose restrictions	541,988	(541,988)	-	-	-
Time restrictions	1,498,159	(1,498,159)	-	-	-
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	2,040,147	(2,040,147)	-	-	-
TOTAL SUPPORT AND REVENUE	13,996,507	(635,772)	-	13,360,735	15,922,960
EXPENSES					
Program services:					
Child Safety	7,550,240	-	-	7,550,240	6,719,560
Comprehensive emergency assistance	1,222,939	-	-	1,222,939	419,960
Counseling and Adoption	1,089,399	-	-	1,089,399	1,464,484
Achievers for life	1,091,348	-	-	1,091,348	1,079,107
Jewish services	661,770	-	-	661,770	626,129
Total program services	11,615,696	-	-	11,615,696	10,309,240
Support services					
General and administrative	252,616	-	-	252,616	102,857
Fundraising	444,314	-	-	444,314	362,107
Total support services	696,930	-	-	696,930	464,964
TOTAL EXPENSES	12,312,626	-	-	12,312,626	10,774,204
CHANGE IN NET ASSETS	1,683,881	(635,772)	-	1,048,109	5,148,756
NET ASSETS - BEGINNING OF YEAR	3,917,026	5,165,272	192,892	9,275,190	4,126,434
NET ASSETS - END OF YEAR	\$ 5,600,907	\$ 4,529,500	\$ 192,892	\$ 10,323,299	\$ 9,275,190

The accompanying notes are an integral part of the combined financial statements.

**JEWISH FAMILY & COMMUNITY SERVICES, INC.
AND AFFILIATES**

COMBINED STATEMENT OF CASH FLOWS

**Year Ended June 30, 2018
(with comparative information for the year ended June 30, 2017)**

	<u>2018</u>	<u>(Comparative Information) 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,048,109	\$ 5,148,756
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	268,961	64,047
Changes in unrealized gains on investment securities	(115,849)	(200,341)
Increase in beneficial interests	(156,721)	(10,032)
Changes in:		
Receivables	919,145	(3,633,944)
Other assets	212,745	(20,606)
Accounts payable	(219,776)	282,236
Accrued expenses	(102,370)	178,356
Deferred revenue	317,999	105,386
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,172,243</u>	<u>1,913,858</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,349,053)	(1,148,260)
Proceeds from sale of investments	<u>-</u>	<u>500,000</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,349,053)</u>	<u>(648,260)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	<u>(410,842)</u>	<u>(40,993)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(410,842)</u>	<u>(40,993)</u>
NET CHANGE IN CASH	412,348	1,224,605
CASH AT BEGINNING OF YEAR	<u>2,000,302</u>	<u>775,697</u>
CASH AT END OF YEAR	<u>\$ 2,412,650</u>	<u>\$ 2,000,302</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Noncash financing and investing activities:		
Construction on building with mortgage note	<u>\$ 446,008</u>	<u>\$ 3,194,985</u>

The accompanying notes are an integral part of the combined financial statements.

**JEWISH FAMILY & COMMUNITY SERVICES, INC.
AND AFFILIATES**

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2018

	Child Safety	Comprehensive Emergency Assistance	Counseling and Adoption	Achievers for Life	Jewish Services	General and Administrative	Fundraising	2018 Total Expenses	2017 (Comparative Information)
Salaries	\$ 4,920,736	\$ 122,358	\$ 694,451	\$ 774,274	\$ 263,221	\$ 34,242	\$ 173,769	\$ 6,983,051	\$ 6,630,077
Employee benefits	459,610	13,137	68,296	74,821	12,856	7,647	21,159	657,526	667,898
Payroll taxes and other expenses	451,800	10,862	60,854	71,829	22,982	3,054	14,402	635,783	625,954
Total payroll related expenses	5,832,146	146,357	823,601	920,924	299,059	44,943	209,330	8,276,360	7,923,929
Professional fees	111,255	1,619	24,447	14,809	7,293	10,875	5,120	175,418	189,106
Contractual service providers	3,115	17,953	72,468	7,665	-	-	-	101,201	110,843
Supplies	42,446	834	6,131	3,952	3,844	1,211	3,502	61,920	64,171
Telephone	61,307	237	8,498	7,808	2,825	964	1,662	83,301	84,195
Postage	4,065	139	418	744	491	175	2,780	8,812	14,049
Occupancy	236,647	20,977	81,066	9,788	26,788	14,965	10,487	400,718	229,716
Software, equipment and maintenance	63,328	3,172	11,412	12,363	5,229	1,492	12,400	109,396	92,094
Printing and publication	-	-	-	-	-	-	4,647	4,647	493
Travel	332,280	1,376	13,243	18,445	8,231	30	250	373,855	358,151
Marketing	-	-	3,846	247	510	-	178,802	183,405	139,144
Conference and training expenses	23,696	72	3,260	2,548	2,999	2,079	574	35,228	50,569
Employment	2,057	-	327	140	(886)	10	-	1,648	3,837
Program expense and supplies	29,940	10,881	1,803	25,524	217,118	-	-	285,266	165,852
Special assistance	577,899	988,225	5,368	33,079	66,374	-	-	1,670,945	1,077,086
Membership dues	12,885	2,368	2,052	1,900	2,174	349	2,293	24,021	18,187
Bank fees and interest expense	45	651	221	-	801	141,809	1,405	144,932	51,160
Insurance	52,152	1,363	7,440	7,572	4,464	23,618	1,356	97,965	89,546
Other expenses	43	-	-	-	-	4,584	-	4,627	48,029
Total expenses before depreciation	7,385,306	1,196,224	1,065,601	1,067,508	647,314	247,104	434,608	12,043,665	10,710,157
Depreciation	164,934	26,715	23,798	23,840	14,456	5,512	9,706	268,961	64,047
Total Expenses	\$ 7,550,240	\$ 1,222,939	\$ 1,089,399	\$ 1,091,348	\$ 661,770	\$ 252,616	\$ 444,314	\$ 12,312,626	\$ 10,774,204

The accompanying notes are an integral part of the combined financial statements.

**JEWISH FAMILY & COMMUNITY SERVICES, INC.
AND AFFILIATES**

NOTES TO COMBINED FINANCIAL STATEMENTS

Year Ended June 30, 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Jewish Family & Community Services, Inc. ("JFCS, Inc.") is a not-for-profit corporation established in 1917 and incorporated in 1929. It has been a vital part of the Jacksonville community for over 100 years, providing family and individual social services in support of its mission of helping people help themselves.

JFCS, Inc. provides the Northeast Florida community with individual 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 primarily supported through donor contributions, government-supported programs and grants, the United Way, and the Jewish Federation of Jacksonville.

JFCS Charities, Inc. and JFCS Realty, Inc. are not-for-profit corporations formed in 2005 to provide support services to JFCS, Inc. JFCS Charities, Inc. holds and invests funds in support of JFCS, Inc. and its mission. JFCS Realty, Inc. owns property and leases it to JFCS, Inc. JFCS Charities, Inc. and JFCS Realty, Inc. have common board members and management with JFCS, Inc. and, as such, are considered affiliates.

These combined financial statements include the accounts of JFCS, Inc., JFCS Charities, Inc. and JFCS Realty, Inc., collectively referred to as the "Organization." All significant intercompany balances and transactions have been eliminated from these combined financial statements.

Basis of Financial Statement Presentation

The combined 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.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Cash Equivalents

The Organization considers all highly liquid instruments with a maturity of three months or less from the date of purchase to be cash equivalents, except those classified as investments.

Investments

Investments are reported at fair value. Fair value is determined using the quoted closing or latest bid prices on active exchanges, if available. Realized gains and losses are calculated based on proceeds received, less carrying value at the beginning of the reporting period. The cost of securities sold is based on the specific-identification method. Changes in unrealized gains and losses represent the change in the market value of investment holdings during the period.

Accounts and Contracts Receivable

Accounts and contracts receivable represent amounts due from federal and state programs, businesses, and from clients. 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. Accounts and contracts receivable are reduced by an allowance for doubtful accounts. The Organization establishes an allowance for doubtful accounts based on a number of factors, including an analysis of the age of accounts, an assessment of general economic trends and conditions, and circumstances related to individual accounts. Changes in these estimates are charged or credited to the results of activities in the period of the change. Account balances are charged off against the allowance after collection efforts have been unsuccessful and the potential for recovery is considered highly unlikely.

Pledges Receivable

Pledges receivable are unconditional promises to give and are recorded when the pledges are made. Pledges that are expected to be collected within one year are recorded at the present value of estimated future cash receipts using a discount rate of 4%. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not recognized in the combined financial statements.

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 of the respective assets 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.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Revenue Recognition

Support received under grants and contracts with state, local, and private sources is recorded as revenue, based upon the terms of the grant or contract, which generally provide that revenue is earned when the related activities are performed or costs are incurred. Funds received in advance or in excess of expenditures are recorded 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 Organization 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 combined 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.

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

JFCS, Inc. and JFCS Charities, Inc. have been recognized by the Internal Revenue Service as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code ("IRC"); and JFCS Realty, Inc. as tax-exempt under Section 501(c)(2) of the IRC. Accordingly, income earned in furtherance of the Organization's tax-exempt purpose is exempt from federal and state income taxes and, therefore, these combined financial statements include no provision or liability for income taxes. As of June 30, 2018, with few exceptions, the Organization is no longer subject to income tax examinations by United States federal taxing authorities for any tax years prior to the past three tax years.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Subsequent Events

In preparing these combined financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 19, 2018, the date the combined financial statements were available to be issued.

NOTE 2 - INVESTMENTS AND INVESTMENT EARNINGS

Investments consist of the following at June 30, 2018:

JFCS, Inc. Endowment Fund:	
Mutual funds	\$ 1,043,192
Miller Trust Fund:	
Money market funds	26,751
Mutual funds	<u>634,576</u>
Total	<u>\$ 1,704,519</u>

The cost basis of investments approximated \$1,360,000 at June 30, 2018.

Investment earnings consist of the following for the year ended June 30, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Investment income	\$ 50,463	\$ -	\$ 50,463
Net realized gain on investments	22,043	11,695	33,738
Change in net unrealized gain on investments	<u>3,463</u>	<u>43,932</u>	<u>47,395</u>
	<u>\$ 75,969</u>	<u>\$ 55,627</u>	<u>\$ 131,596</u>

NOTE 3 - ACCOUNTS AND CONTRACTS RECEIVABLE

Accounts and contracts receivable consist of the following at June 30, 2018:

Accounts receivable	\$ 129,081
Contracts receivable	<u>205,805</u>
	334,886
Allowance for uncollectible accounts	<u>(3,540)</u>
Accounts and contracts receivable, net	<u>\$ 331,346</u>

NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable are restricted for use in the Organization's capital campaign to purchase its new office building.

At June 30, 2018, pledges receivable are expected to be realized as follows:

In one year or less	\$ 661,618
Between one and five years	1,815,932
Over five years	<u>526,000</u>
	3,003,550
Less: discount to net present value	<u>(473,939)</u>
Pledges receivable, net	<u>\$ 2,529,611</u>

NOTE 5 - SPLIT-INTEREST AGREEMENTS

Beneficial Interest in M.R. Hirschberg Irrevocable Trust

The Organization receives an annuity payment and is one of ten residual beneficiaries of a charitable remainder annuity trust, the M.R. Hirschberg Irrevocable Trust, held and administered by a financial institution. Under the terms of the trust agreement, the trust pays level distributions to annuity beneficiaries until the death of certain specified individual annuity beneficiaries. Upon the death of the last individual annuity beneficiary, the corpus of the trust will be distributed equally to the ten residual beneficiaries. It is estimated that the trust corpus will grow at 1% per year, with the residual distributed approximately 5 years after June 30, 2018. The present value of the annuity distributions and the final distribution of corpus was computed using a 7% discount rate, and is reported as temporarily restricted.

J. Wayne and Delores Barr Weaver Fund

The Organization is one of a number of other beneficiaries in a split-interest arrangement with a foundation. The foundation holds the J. Wayne and Delores Barr Weaver Fund and pays distributions annually to the beneficiaries solely at the discretion of the foundation. The fund agreement provides for the foundation to have variance power over any distributions. As such, no value is included in the combined financial statements to recognize potential future benefits under this agreement. The Organization recorded approximately \$39,000 in donations and grants revenue for amounts received from the foundation during 2018.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment, net, consists of the following at June 30, 2018:

Land	\$ 135,016
Building	6,542,386
Furniture and equipment	533,349
Building improvements	<u>114,705</u>
	7,325,456
Less accumulated depreciation	<u>(883,494)</u>
Total property and equipment, net	<u>\$ 6,441,962</u>

NOTE 7 - BENEFICIAL INTEREST IN KEEBLER FUND

The Organization is the beneficiary of contributions from the Meta Grace Keebler Memorial Endowment Fund (the "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 it's entitled to a distribution of 5% of the Fund's 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 8 - LINES OF CREDIT

The Organization has a \$300,000 line of credit which matures in December 2018 and a \$375,000 line of credit that matures in May 2020. Advances on the lines of credit are payable on demand and accrue interest at a variable rate. Interest on advances is due monthly. The credit lines are secured by equipment, inventory, and receivables of the Organization. As of June 30, 2018, no balance was outstanding on either of the lines of credit.

NOTE 9 - LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2018:

Mortgage note payable to Ameris Bank with interest at 3.8%; payable in monthly installments of principal and interest of \$23,313 through March 2032; secured by a building on Baycenter Road, Jacksonville.	\$ 3,189,158
Less: current portion	<u>(163,980)</u>
Total long-term debt	<u>\$ 3,025,178</u>

Cash paid for interest on the long-term debt approximated \$141,000 for the year ended June 30, 2018.

Scheduled principal maturities of the mortgage note payable are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 163,980
2020	170,084
2021	177,038
2022	183,958
2023	191,149
Thereafter	<u>2,302,949</u>
	<u>\$ 3,189,158</u>

NOTE 10 - RESTRICTED NET ASSETS

Temporarily restricted net asset consist of the following at June 30, 2018:

Beneficial Interest in M.R. Hirschberg Irrevocable Trust - Time restricted until receipt of annual distributions and ultimate payout of principal	\$ 939,061
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	2,529,611
FANN - Amounts to be used for the Emergency Food Pantry and other nutritional needs	118,560
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	91,148
Jewish Healing Network - Amounts to be used to pay expenses of program	2,843
JS - Holocaust	29,893
JS - Other	2,338
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	15,378
Outlook and mental health of young males experiencing difficulties transitioning through life	1,765
Gooding Fund - Amounts to be used to pay expenses of at-risk children to improve the quality of their lives	45,940
Holiday Gift Giving - Amounts used for the purchase of gifts for needy children and adults	8,246
Josh Bay Fund - Amounts to help provide for the needs of children	50
Frisch Holocaust Gallery	18,923
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	22,991
Alexandra Miller Endowment for JHN - Amounts to be used to enhance the Jewish Service Program	<u>655,927</u>
Total temporarily restricted net assets	<u>\$4,529,500</u>

Permanently restricted net assets consist of the following at June 30, 2018:

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	<u>5,466</u>
Total permanently restricted net assets	<u>\$ 192,892</u>

NOTE 11 - ENDOWMENTS

Endowments can include both donor-restricted endowment funds and funds designated by the Board of Directors (the "Board") to function as endowments. During the 2018 fiscal year, all endowment funds were donor-restricted. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported in the combined financial statements based on the existence or absence of donor-imposed restrictions.

Donor Restricted Endowments

The Organization interprets the Florida Uniform Prudent Management of Institutional Funds Act as requiring the preservation of the historical value of the original gift amount 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 value of subsequent events to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with 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 unrestricted or temporarily restricted net assets.

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 donor instrument.

NOTE 11 - ENDOWMENTS (Continued)

Return Objectives

The primary investment objectives for the Organization's endowments 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% annually in excess of the rate of inflation as measured by the Consumer Price Index 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.

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, 2018, there were no deficiencies of this nature.

NOTE 11 - ENDOWMENTS (Continued)**Change in Endowment Net Assets**

For the year ended June 30, 2018, the Organization had the following endowment activities:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowments</u>
Endowment net assets, beginning of year	\$ 812,660	\$ 192,892	\$ 1,005,552
Investment return:			
Investment income	35,482	-	35,482
Net appreciation	<u>149,318</u>	<u>-</u>	<u>149,318</u>
Total investment return	184,800	192,892	184,800
Contributions	-	-	-
Appropriations of endowment:			
Expenditure of assets	<u>(35,482)</u>	<u>-</u>	<u>(35,482)</u>
Endowment net assets, end of year	<u>\$ 961,978</u>	<u>\$ 192,892</u>	<u>\$ 1,154,870</u>

NOTE 12 - 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 did not make contributions to the plan during the year ended June 30, 2018.

In addition, the Organization maintains an employee benefit plan open to certain key employees under Internal Revenue Code, Section 457. The Organization made contributions to this plan of approximately \$7,500 during the year ended June 30, 2018.

NOTE 13 - FAIR VALUE MEASUREMENTS

The fair value of financial instruments is presented based upon a hierarchy of levels that prioritizes the inputs of valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Organization's investments, consisting of money market funds and mutual funds, are valued using quoted market prices (Level 1). Beneficial interest in the trust is valued based on the present value of the estimated annuity payments and the present value of the underlying investments owned by the trust, minus any liabilities, and then multiplied by the Organization's ownership percentage (Level 2). Beneficial interest in assets held by the JCF is valued based on the value of the underlying investments, minus any liabilities, and then multiplied by the Organization's ownership percentage (Level 3); the unobservable inputs are the underlying assets in the pooled investment funds.

NOTE 13 - FAIR VALUE MEASUREMENTS (Continued)

The following tables set forth, by level, within the fair value hierarchy, the Organization's investments and beneficial interest in assets measured at fair value as of June 30, 2018:

Description	Total	Fair Value Measurement		
		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	\$ 1,677,768	\$ 1,677,768	\$ -	\$ -
Beneficial interest in the Remainder trust	939,062	-	939,062	-
Beneficial interest in the Keebler Fund	160,691	-	-	160,691
	<u>\$ 2,777,521</u>	<u>\$ 1,677,768</u>	<u>\$ 939,062</u>	<u>\$ 160,691</u>

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

Balance, beginning of year	\$ 153,289
Unrealized gain	<u>7,402</u>
Balance, end of year	<u>\$ 160,691</u>

NOTE 14 - SUMMARIZED COMPARATIVE INFORMATION

The combined 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 combined financial statements for the year ended June 30, 2017, from which the summarized information was derived.

NOTE 15 - COMMITMENTS AND CONTINGENCIES**Credit Risk**

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash held in financial institutions in excess of federally insured limits, investments, and accounts, contracts and pledges receivable.

The Organization maintains its cash with what management believes to be quality financial institutions and limits the amount of credit exposure. Concentrations of credit risk with respect to private-pay accounts and pledges receivable is somewhat mitigated by the number of private-pay clients and donors. Credit risk with respect to the Medicaid program and other government program contracts receivable is mitigated by the taxing authority of the governmental entities funding the programs.

NOTE 15 - COMMITMENTS AND CONTINGENCIES (Continued)

Credit Risk (Continued)

Investments are subject to the risk of market fluctuations. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and market volatility, it is at least reasonably possible that changes in the values of investment securities will occur in the near term.

Concentrations

Revenue, excluding capital campaign, for the year ended June 30, 2018, included revenue from one major grantor which accounted for approximately 64% of the Organization's total revenue. Expenses pertaining to this grant accounted for approximately 61% of Organization's total expenses.

Medicaid Program

The Organization receives reimbursement for Medicaid for certain mental health services. Laws and regulations governing the Medicaid program are complex and are subject to interpretation. The Organization believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future governmental review and interpretation, as well as significant regulatory action, including fines, penalties and exclusion from the Medicaid program.

Governmental funding for healthcare programs is subject to statutory and regulatory changes, administrative rulings, interpretations of policy, intermediary determinations, and governmental funding restrictions, all of which may materially affect program reimbursement to healthcare facilities. Changes in the reimbursement policies of the Medicaid program, as a result of legislative and regulatory actions, could adversely affect the revenues of the Organization.

SUPPLEMENTAL INFORMATION



Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTAL INFORMATION**

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

We have audited the combined financial statements of Jewish Family & Community Services, Inc. and Affiliates (the "Organization") as of and for the year ended June 30, 2018, and our report thereon dated November 19, 2018, which contained an unmodified opinion on those combined financial statements, appears on pages 1 and 2. Our audit was performed for the purpose of forming an opinion on the combined financial statements as a whole.

The schedule of expenditures of federal awards and schedule of expenditures of state financial assistance for the year ended June 30, 2018, appearing on pages 22 and 23, respectively, are presented for the purpose of additional analysis or to meet 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 Chapter 10.650, *Rules of the Auditor General*, and are not a required part of the combined financial statements. The supplemental schedule of sources and uses of grant funding from the City of Jacksonville appearing on pages 20 and 21, is also presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

A handwritten signature in cursive script that reads "Moore Stephens Lovelace, P.A." in dark ink.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
November 19, 2018

**JEWISH FAMILY & COMMUNITY SERVICES, INC.
AND AFFILIATES**

**SCHEDULE OF SOURCES AND USES OF GRANT FUNDING
FROM THE CITY OF JACKSONVILLE**

Year Ended June 30, 2018

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

<u>Receipt of City Funds</u>	2016-2017	2017-2018	2016-2017	2017-2018	Safe Havens Grant through 6/30/2018	2016-2017	2017-2018
	Public Service Grant through 9/30/2017	Public Service Grant through 6/30/2018	Criminal Justice Reinvestment Grant through 9/30/2017	Criminal Justice Reinvestment Grant through 6/30/2018		Full Service Schools Grant through 6/30/2017	Full Service Schools Grant through 6/30/2018
Amount of Award (per City budget ordinance)	\$ 75,000	\$ 100,000	\$ 220,225	\$ 189,235	\$ 360,891	\$ 200,000	\$ 200,000
Actual Funds Received from City in Last Audit Period	(44,614)	-	(101,046)	-	(254,812)	(145,691)	-
Actual Amount Received this period	(30,289)	(36,845)	(65,957)	(74,927)	(84,908)	(45,273)	(92,580)
Due from City	-	(41,905)	-	(61,870)	(16,602)	-	(88,939)
Amount Remaining	<u>\$ 97</u>	<u>\$ 21,250</u>	<u>\$ 53,222</u>	<u>\$ 52,438</u>	<u>\$ 4,569</u>	<u>\$ 9,036</u>	<u>\$ 18,481</u>

Expenditures of City Funds

2016-2017 Public Service Grant through 6/30/17

<u>Budget Item</u>	<u>Budgeted</u>	Actual 10/1/16- 6/30/17	Actual 7/1/17- 6/30/18	<u>Total Actual</u>	<u>Remaining Balance</u>
Employee Compensation	\$ 6,932	\$ 5,193	\$ 1,739	\$ 6,932	\$ -
Taxes & Benefits	1,702	1,276	328	1,604	98
Occupancy	2,138	1,598	581	2,179	(41)
Office Expense	765	568	131	699	66
Program Supplies	-	-	-	-	-
Direct Client Expense	63,276	49,447	13,829	63,276	-
Other	187	126	87	213	(26)
Totals	<u>\$ 75,000</u>	<u>\$ 58,208</u>	<u>\$ 16,695</u>	<u>\$ 74,903</u>	<u>\$ 97</u>

2017-2018 Public Service Grant through 6/30/18

<u>Budget Item</u>	<u>Budgeted</u>	Actual 10/1/16- 6/30/17	Actual 7/1/17- 6/30/18	<u>Total Actual</u>	<u>Remaining Balance</u>
Employee Compensation	\$ 11,097	\$ -	\$ 8,323	\$ 8,323	\$ 2,774
Taxes & Benefits	2,058	-	1,543	1,543	515
Occupancy	2,107	-	1,564	1,564	543
Travel	60	-	38	38	22
Office Expense	338	-	138	138	200
Program Supplies	-	-	-	-	-
Direct Client Expense	84,294	-	67,070	67,070	17,224
Other	46	-	74	74	(28)
Totals	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 78,750</u>	<u>\$ 78,750</u>	<u>\$ 21,250</u>

2016-2017 Criminal Justice Reinvestment Grant through 9/30/17

<u>Budget Item</u>	<u>Budgeted</u>	Actual 10/1/16- 6/30/17	Actual 7/1/17- 6/30/18	<u>Total Actual</u>	<u>Remaining Balance</u>
Employee Compensation	\$ 152,101	\$ 96,476	\$ 27,082	\$ 123,558	\$ 28,543
Taxes & Benefits	35,336	17,211	5,524	22,735	12,601
Travel	2,424	2,176	658	2,834	(410)
Conferences and Seminars	2,600	2,506	-	2,506	94
Office Expense	5,605	2,404	872	3,276	2,329
Program Supplies	950	312	-	312	638
Small Equipment	1,000	1,000	-	1,000	-
Direct Client Expense	-	-	-	-	-
Other	20,209	9,257	1,525	10,782	9,427
Totals	<u>\$ 220,225</u>	<u>\$ 131,342</u>	<u>\$ 35,661</u>	<u>\$ 167,003</u>	<u>\$ 53,222</u>

See Independent Auditor's Report on Supplemental Information.

**JEWISH FAMILY & COMMUNITY SERVICES, INC.
AND AFFILIATES**

**SCHEDULE OF SOURCES AND USES OF GRANT FUNDING
FROM THE CITY OF JACKSONVILLE (Continued)**

Year Ended June 30, 2018

2017-2018 Criminal Justice Reinvestment Grant through 6/30/18

Budget Item	Budgeted	Actual 10/1/16- 6/30/17	Actual 7/1/17- 6/30/18	Total Actual	Remaining Balance
Employee Compensation	\$ 142,363	\$ -	\$ 106,140	\$ 106,140	\$ 36,223
Taxes & Benefits	37,014	-	16,910	16,910	20,104
Travel	4,005	-	3,046	3,046	959
Conferences and Seminars	-	-	781	781	(781)
Office Expense	4,953	-	3,883	3,883	1,070
Program Supplies	-	-	-	-	-
Small Equipment	-	-	-	-	-
Direct Client Expense	900	-	500	500	400
Other	-	-	5,537	5,537	(5,537)
Totals	\$ 189,235	\$ -	\$ 136,797	\$ 136,797	\$ 52,438

Safe Haven Grant through 6/30/18

Budget Item	Budgeted	Actual 10/1/15- 6/30/17	Actual 7/1/17- 6/30/18	Total Actual	Remaining Balance
Employee Compensation	\$ 195,159	\$ 141,067	\$ 49,514	\$ 190,581	\$ 4,578
Taxes & Benefits	22,077	15,651	6,268	21,919	158
Travel	383	33	166	199	184
Conferences and Seminars	7,915	7,915	-	7,915	-
Office Expense	4,037	2,747	1,499	4,246	(209)
Program Supplies	-	-	-	-	-
Small Equipment	1,602	918	698	1,616	(14)
Direct Client Expense	-	-	-	-	-
Other	129,718	86,481	43,365	129,846	(128)
Totals	\$ 360,891	\$ 254,812	\$ 101,510	\$ 356,322	\$ 4,569

2016-2017 Full Service Schools Grant through 6/30/17

Budget Item	Budgeted	Actual 7/1/16- 6/30/17	Actual 7/1/17- 6/30/18	Total Actual	Remaining Balance
Employee Compensation	\$ 132,620	\$ 130,553	\$ -	\$ 130,553	\$ 2,067
Taxes & Benefits	33,129	32,937	-	32,937	192
Travel	3,980	2,851	-	2,851	1,129
Conferences and Seminars	-	-	-	-	-
Office Expense	2,421	1,025	-	1,025	1,396
Program Supplies	5,100	3,448	-	3,448	1,652
Small Equipment	2,600	-	-	-	2,600
Direct Client Expense	-	-	-	-	-
Other	20,150	20,150	-	20,150	-
Totals	\$ 200,000	\$ 190,964	\$ -	\$ 190,964	\$ 9,036

2017-2018 Full Service Schools Grant through 6/30/18

Budget Item	Budgeted	Actual 7/1/16- 6/30/17	Actual 7/1/17- 6/30/18	Total Actual	Remaining Balance
Employee Compensation	\$ 132,620	\$ -	\$ 122,536	\$ 122,536	\$ 10,084
Taxes & Benefits	33,129	-	31,842	31,842	1,287
Travel	3,980	-	1,274	1,274	2,706
Conferences and Seminars	-	-	-	-	-
Office Expense	2,421	-	4,439	4,439	(2,018)
Program Supplies	5,100	-	-	-	5,100
Small Equipment	2,600	-	810	810	1,790
Direct Client Expense	-	-	-	-	-
Other	20,150	-	20,618	20,618	(468)
Totals	\$ 200,000	\$ -	\$ 181,519	\$ 181,519	\$ 18,481

See Independent Auditor's Report on Supplemental Information.

**JEWISH FAMILY & COMMUNITY SERVICES, INC.
AND AFFILIATES**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2018

<u>Federal Grantor / Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract / Grant Number</u>	<u>Federal Expenditures</u>
Department of Justice:			
Passed through City of Jacksonville:			
Supervised Visitation, Safe Haven for Children	16.527	AD-0396-14	\$ 101,216
Department of Health and Human Services:			
Passed through Family Support Services:			
Temporary Assistance for Needy Families	93.558	CMO 015 & CMO 016	464,627
Promoting Safe and Stable Families	93.556	CMO 015 & CMO 016	727,965
Stephanie Tubbs Jones Child Welfare Services Program	93.645	CMO 015 & CMO 016	308,455
Administration for Children, Youth and Families	93.669	CMO 015 & CMO 016	62,906
Foster Care - Title IV-E	93.658	CMO 015 & CMO 016	1,356,362
Adoption Assistance	93.659	CMO 015 & CMO 016	<u>229,902</u>
Total Department of Health and Human Services			3,150,217
Department of Homeland Security:			
Passed through Emergency Food and Shelter Program:			
Emergency Food and Shelter National Board Program	97.024	31-1608-00-006	<u>33,251</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,284,684</u>

NOTE 1 - BASIS OF PRESENTATION

The schedule of expenditures of federal awards ("Schedule") includes the federal grant activity of Jewish Family & Community Services, Inc. and Affiliates (the "Organization"). 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"). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

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, as applicable, either the cost principles in the Office of Management and Budget Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

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

See Independent Auditor's Report on Supplemental Information.

**JEWISH FAMILY & COMMUNITY SERVICES, INC.
AND AFFILIATES**

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2018

<u>State Grantor / Pass-Through Grantor Program Title</u>	<u>State CSFA Number</u>	<u>Contract / Grant Number</u>	<u>State Expenditures</u>
State of Florida Department of Children and Families:			
Passed through Family Support Services:			
Out-of-Home Supports	60.074	CMO 015 & CMO 016	\$ 284,986
In-Home Supports	60.075	CMO 015 & CMO 016	547,854
Independent Living Program	60.112	CMO 015 & CMO 016	47,000
CBC-Sexually Exploited Children	60.138	CMO 015 & CMO 016	18,300
Passed through the City of Jacksonville:			
Emergency Financial Assistance	75.903	Program JXMS011PSG City Ordinance 2014-466-E	<u>95,445</u>
TOTAL STATE FINANCIAL EXPENDITURES			<u>\$ 993,585</u>

NOTE 1 - BASIS OF PRESENTATION

The schedule of expenditures of state financial assistance ("Schedule") includes the state grant activity of the Organization and is presented using the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

See Independent Auditor's Report on Supplemental Information.



Certified Public Accountants

**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
Jacksonville, Florida

We have audited, 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, the combined financial statements of Jewish Family & Community Services, Inc. and Affiliates (the "Organization"), which comprise the combined statement of financial position as of June 30, 2018, and the related combined statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated November 19, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the combined 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 combined 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.

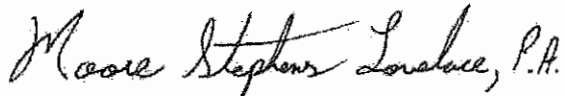
Board of Directors
Jewish Family & Community Services, Inc.
and Affiliates

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's combined financial statements are free of 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.



MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
November 19, 2018



Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND STATE PROJECT AND
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
Jacksonville, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the compliance of Jewish Family & Community Services, Inc. and Affiliates (the "Organization") with the types of compliance requirements described in the *OMB Compliance Supplement* and the Department of Financial Services *State Projects Compliance Supplement* that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2018. The Organization's major federal programs and 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 each of the Organization's major federal programs and state projects 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 each major federal program and state project. However, our audit does not provide a legal determination of the Organization's compliance.

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

Opinion on Each Major Federal Program and 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 each of its major federal programs and state projects for the year ended June 30, 2018.

Report on Internal Control over Compliance

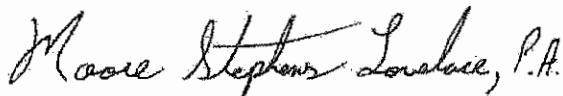
Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program or 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 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 the 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.

Purpose of this Report

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.



MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
November 19, 2018

**JEWISH FAMILY & COMMUNITY SERVICES, INC.
AND AFFILIATES**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____	Yes <u> X </u>	No
Significant deficiency(ies) identified?	_____	Yes <u> X </u>	None Reported
Noncompliance material to financial statements noted?	_____	Yes <u> X </u>	No

Federal Awards and State Projects

Internal control over major federal programs and state projects:			
Material weakness(es) identified?	_____	Yes <u> X </u>	No
Significant deficiency(ies) identified?	_____	Yes <u> X </u>	None Reported
Type of auditor's report issued on compliance for major federal programs and state projects	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or Chapter 10.650, <i>Rules of the Auditor General</i> ?	_____	Yes <u> X </u>	No

**JEWISH FAMILY & COMMUNITY SERVICES, INC.
AND AFFILIATES**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended June 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS (Continued)

Federal Awards and State Projects (Continued)

Identification of major federal programs and major state projects:

Name of Federal Program or Cluster	CFDA Number
Foster Care - Title IV-E	93.658
Name of State Project	CSFA Number
In-Home Supports	60.075
Dollar threshold used to distinguish between Type A and Type B programs for federal awards:	\$750,000
Dollar threshold used to distinguish between Type A and Type B programs for state projects:	\$298,076
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings were reported.

SECTION III - FEDERAL AWARDS AND STATE PROJECTS FINDINGS AND QUESTIONED COSTS

No findings were reported.

SECTION IV - OTHER ISSUES

No management letter is required because there were no findings required to be reported in the management letter.

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings.