

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

**COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

Year Ended June 30, 2019

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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, 2019, 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, 2019, 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 October 18, 2019, 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

We previously audited the Organization's 2018 combined financial statements, and our report dated November 19, 2018 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, 2018 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
October 18, 2019

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

COMBINED STATEMENT OF FINANCIAL POSITION

June 30, 2019
(with comparative information as of June 30, 2018)

	ASSETS	(Comparative Information)
	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,491,534	\$ 2,412,650
Accounts and contracts receivable, net	817,068	331,346
Capital campaign pledges receivable	686,750	661,618
Other assets	<u>150,262</u>	<u>23,732</u>
TOTAL CURRENT ASSETS	4,145,614	3,429,346
NONCURRENT ASSETS		
Investments	1,742,623	1,704,519
Property and equipment, net	6,146,746	6,441,962
Capital campaign pledges receivable, net	1,216,246	1,867,993
Beneficial interest in M.R. Hirschberg Irrevocable Trust	1,011,974	939,062
Beneficial interest in Keebler Fund	<u>158,815</u>	<u>160,691</u>
TOTAL NONCURRENT ASSETS	<u>10,276,404</u>	11,114,227
TOTAL ASSETS	<u>\$ 14,422,018</u>	<u>\$ 14,543,573</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 178,156	\$ 156,523
Accrued expenses	258,818	239,590
Deferred revenue	734,150	635,003
Long-term debt, current portion	<u>170,084</u>	<u>163,980</u>
TOTAL CURRENT LIABILITIES	1,341,208	1,195,096
LONG-TERM DEBT	<u>2,451,251</u>	3,025,178
TOTAL LIABILITIES	3,792,459	4,220,274
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without donor restrictions	6,328,186	5,600,907
With donor restrictions	<u>4,301,373</u>	<u>4,722,392</u>
TOTAL NET ASSETS	<u>10,629,559</u>	10,323,299
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,422,018</u>	<u>\$ 14,543,573</u>

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, 2019
(with comparative summarized information for the year ended June 30, 2018)**

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 (Comparative Summarized Information)
PUBLIC SUPPORT				
United Way of Jacksonville	\$ 2,002,218	\$ -	\$ 2,002,218	\$ 1,077,930
Jacksonville Jewish Federation	269,311	-	269,311	276,350
Capital Campaign	-	139,423	139,423	567,550
Donations	316,645	362,968	679,613	761,659
Other grants	1,351,925	-	1,351,925	1,115,769
TOTAL PUBLIC SUPPORT	3,940,099	502,391	4,442,490	3,799,258
GOVERNMENTAL SUPPORT				
State Department of Children and Families	7,468,838	-	7,468,838	7,773,532
Emergency Food and Shelter Program	27,200	-	27,200	33,251
City of Jacksonville	677,939	-	677,939	547,875
TOTAL GOVERNMENTAL SUPPORT	8,173,977	-	8,173,977	8,354,658
OTHER REVENUE AND GAINS				
Program service fees:				
Counseling	109,430	-	109,430	72,947
Jewish services	40,074	-	40,074	45,404
Adoption	7,391	-	7,391	9,268
Medicaid	385,390	-	385,390	365,557
Increase in:				
Beneficial interest in remainder trust	-	99,524	99,524	184,800
Beneficial interest in fund	5,770	-	5,770	7,401
Investment earnings	68,360	43,769	112,129	131,596
Other	462,151	-	462,151	389,846
TOTAL OTHER REVENUE AND GAINS	1,078,566	143,293	1,221,859	1,206,819
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of:				
Purpose restrictions	484,471	(484,471)	-	-
Time restrictions	582,232	(582,232)	-	-
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	1,066,703	(1,066,703)	-	-
TOTAL SUPPORT AND REVENUE	14,259,345	(421,019)	13,838,326	13,360,735
EXPENSES				
Program services:				
Child Safety	7,391,389	-	7,391,389	7,550,240
Comprehensive emergency assistance	835,757	-	835,757	1,222,939
Counseling and Adoption	1,473,311	-	1,473,311	1,089,399
Achievers for life	2,051,640	-	2,051,640	1,091,348
Jewish services	1,174,407	-	1,174,407	661,770
Total program services	12,926,504	-	12,926,504	11,615,696
Support services:				
General and administrative	229,335	-	229,335	252,616
Fundraising	376,227	-	376,227	444,314
Total support services	605,562	-	605,562	696,930
TOTAL EXPENSES	13,532,066	-	13,532,066	12,312,626
CHANGE IN NET ASSETS	727,279	(421,019)	306,260	1,048,109
NET ASSETS - BEGINNING OF YEAR	5,600,907	4,722,392	10,323,299	9,275,190
NET ASSETS - END OF YEAR	\$ 6,328,186	\$ 4,301,373	\$ 10,629,559	\$ 10,323,299

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, 2019
(with comparative information for the year ended June 30, 2018)**

	<u>2019</u>	<u>(Comparative Information) 2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 306,260	\$ 1,048,109
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	314,032	268,961
Changes in unrealized gains on investment securities	(15,912)	(115,849)
Increase in beneficial interests	(71,036)	(156,721)
Changes in:		
Receivables	140,893	919,145
Other assets	(126,530)	212,745
Accounts payable	21,633	(219,776)
Accrued expenses	19,228	(102,370)
Deferred revenue	99,147	317,999
NET CASH PROVIDED BY OPERATING ACTIVITIES	687,715	2,172,243
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(18,816)	(1,349,053)
Purchases of investments	(22,192)	-
NET CASH USED IN INVESTING ACTIVITIES	(41,008)	(1,349,053)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	(567,823)	(410,842)
NET CASH USED IN FINANCING ACTIVITIES	(567,823)	(410,842)
NET CHANGE IN CASH	78,884	412,348
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,412,650	2,000,302
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 2,491,534	\$ 2,412,650
SUPPLEMENTAL CASH FLOW INFORMATION:		
Noncash financing and investing activities:		
Construction on building with mortgage note	\$ -	\$ 446,008

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

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

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

**Year Ended June 30, 2019
(with comparative summarized information for the year ended June 30, 2018)**

	Program Services					Support Services		2019 Total Expenses	2018 (Comparative Summarized Information)
	Child Safety	Comprehensive Emergency Assistance	Counseling and Adoption	Achievers for Life	Jewish Services	General and Administrative	Fundraising		
Salaries	\$ 4,760,801	\$ 110,100	\$ 989,155	\$ 835,250	\$ 392,345	\$ 47,386	\$ 164,047	\$ 7,299,084	\$ 6,983,051
Employee benefits	534,385	12,383	96,781	73,793	39,733	6,213	15,421	778,709	657,526
Payroll taxes and other expenses	441,667	9,185	91,030	78,059	35,055	3,776	12,827	671,599	635,783
Total payroll related expenses	5,736,853	131,668	1,176,966	987,102	467,133	57,375	192,295	8,749,392	8,276,360
Professional fees	112,490	2,650	32,521	15,064	6,861	12,503	3,148	185,237	175,418
Contractual service providers	-	7,169	71,460	823,910	-	606	-	903,145	101,201
Supplies	37,385	462	10,537	4,221	3,467	477	2,883	59,432	61,920
Telephone	40,795	249	7,307	9,983	3,226	1,347	1,202	64,109	83,301
Postage	4,522	562	1,310	1,095	826	211	5,871	14,397	8,812
Occupancy	252,038	32,996	70,642	35,554	30,603	11,064	12,794	445,691	400,718
Software, equipment and maintenance	73,787	13,666	17,942	5,183	4,834	1,345	6,392	123,149	109,396
Printing and publication	-	-	-	-	-	-	2,929	2,929	4,647
Travel	340,218	1,010	13,153	16,403	10,269	33	540	381,626	373,855
Marketing	-	-	5,228	986	3,006	43	121,612	130,875	183,405
Conference and training expenses	18,029	186	9,303	2,911	6,813	909	668	38,819	35,228
Employment	634	-	146	94	127	-	14	1,015	1,648
Program expense and supplies	532,577	-	12,776	43,651	536,339	-	13,039	1,138,382	285,266
Special assistance	3,154	621,539	284	48,469	68,571	-	-	742,017	1,670,945
Membership dues	9,961	1,320	1,063	1,570	786	206	722	15,628	24,021
Bank fees and interest expense	37	718	941	112	153	108,114	1,518	111,593	144,932
Insurance	57,011	2,175	7,555	7,740	4,151	27,999	1,373	108,004	97,965
Other expenses	439	-	-	-	-	1,655	500	2,594	4,627
Total expenses before depreciation	7,219,930	816,370	1,439,134	2,004,048	1,147,165	223,887	367,500	13,218,034	12,043,665
Depreciation	171,459	19,387	34,177	47,592	27,242	5,448	8,727	314,032	268,961
Total Expenses	\$ 7,391,389	\$ 835,757	\$ 1,473,311	\$ 2,051,640	\$ 1,174,407	\$ 229,335	\$ 376,227	\$ 13,532,066	\$ 12,312,626

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, 2019

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 two classes of net assets that are based upon the existence or absence of restrictions that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

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 not 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 \$1,000 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 with or without donor restrictions, depending on the existence of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. When a restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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, other costs have been allocated based upon the proportions of direct costs, time spent, and other criteria 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, 2019, 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)

New Accounting Standard Adoption

On July 1, 2018, the Organization adopted ASC 958, *Presentation of Financial Statements of Not-for-Profit Entities* (the “New Presentation Standard”). The New Presentation Standard amends the current reporting model for not-for-profit organizations and enhances disclosures.

Subsequent Events

In preparing these combined financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 18, 2019, the date the combined financial statements were available to be issued.

NOTE 2 - LIQUIDITY

Financial assets available to meet cash needs for general expenditures within one year are as follows at June 30, 2019:

Cash	\$ 2,491,534
Accounts and contracts receivable	817,068
Investments	1,742,623
Less donor-restricted investments	<u>(717,614)</u>
	<u>\$ 4,333,611</u>

As part of a cash and liquidity management policy, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

NOTE 3 - INVESTMENTS AND INVESTMENT EARNINGS

Investments consist of the following at June 30, 2019:

JFCS, Inc. Board Designated Fund:	
Mutual funds	\$ 1,090,817
Miller Trust Fund:	
Money market funds	1,926
Mutual funds	<u>649,880</u>
Total	<u>\$ 1,742,623</u>

The cost basis of investments approximated \$1,601,000 at June 30, 2019.

NOTE 3 - INVESTMENTS AND INVESTMENT EARNINGS (Continued)

Investment earnings consist of the following at June 30, 2019:

	<u>Without Restrictions</u>	<u>With Restrictions</u>	<u>Total</u>
Investment income	\$ 72,283	\$ -	\$ 72,283
Net realized gain on investments	8,713	15,221	23,934
Change in net unrealized gain or loss on investments	<u>(12,636)</u>	<u>28,548</u>	<u>15,912</u>
	<u>\$ 68,360</u>	<u>\$ 43,769</u>	<u>\$ 112,129</u>

NOTE 4 - ACCOUNTS AND CONTRACTS RECEIVABLE

Accounts and contracts receivable consist of the following at June 30, 2019:

Accounts receivable	\$ 152,335
Contracts receivable	668,273
	<u>820,608</u>
Allowance for uncollectible accounts	<u>(3,540)</u>
Accounts and contracts receivable, net	<u>\$ 817,068</u>

NOTE 5 - PLEDGES RECEIVABLE

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

At June 30, 2019, pledges receivable are expected to be realized as follows:

In one year or less	\$ 686,750
Between one and five years	1,265,575
Over five years	424,610
	<u>2,376,935</u>
Less discount to net present value	<u>(473,939)</u>
Pledges receivable, net	<u>\$ 1,902,996</u>

NOTE 6 - 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 4 years after June 30, 2019. The present value of the annuity distributions and the final distribution of corpus was computed using a 7% discount rate, and is reported as donor 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 received approximately \$39,000 from the fund during the year ended June 30, 2019.

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment, net, consists of the following at June 30, 2019:

Land	\$ 135,016
Building	6,542,386
Furniture and equipment	538,247
Building improvements	128,625
	<hr/>
	7,344,274
Less accumulated depreciation	(1,197,528)
	<hr/>
Total property and equipment, net	\$ 6,146,746

NOTE 8 - 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 is 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 9 - LINE OF CREDIT

The Organization has a \$300,000 line of credit which matures in December 2019 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, 2019, no balance was outstanding on either of the lines of credit.

NOTE 10 - LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2019:

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.	\$ 2,621,335
Less: current portion	<u>(170,084)</u>
Total long-term debt	<u>\$ 2,451,251</u>

Cash paid for interest on the long-term debt approximated \$141,000 for the year ended June 30, 2019.

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

<u>Year</u>	<u>Amount</u>
2020	\$ 170,084
2021	177,038
2022	183,958
2023	191,149
2024	198,393
Thereafter	<u>1,700,713</u>
	<u>\$ 2,621,335</u>

The long-term debt requires the Organization to maintain certain minimum financial ratios. The Organization is not aware of any violations of the covenants at June 30, 2019 and 2018.

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2019:

Beneficial Interest in M.R. Hirschberg Irrevocable Trust - Time restricted until receipt of annual distributions and ultimate payout of principal	\$ 1,011,974
George Cohen Memorial Endowment - Earnings to fund educational scholarships for college age youth or younger	3,728
L'Dor V'Dor Endowment Fund - Investment earnings available for charitable purposes of the Organization	19,188
Capital Campaign - Pledges receivable	1,902,996
FANN - Amounts to be used for the Emergency Food Pantry and other nutritional needs	126,606
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	115,036
Jewish Healing Network - Amounts to be used to pay expenses of program	2,843
Jewish Services - Holocaust	104,312
Jewish Services - Other	167
Transportation Fund - Amounts to be used to help subsidize senior transportation rides with Call to Go Program	1,285
Aging Out - Amounts to be used for basic living necessities for children aging out of the foster care system	15,573
Gooding Fund - Amounts to be used to pay expenses of at-risk children to improve the quality of their lives	32,162
Holiday Gift Giving - Amounts used for the purchase of gifts for needy children and adults	14,615
Josh Bay Fund - Amounts to help provide for the needs of children	50
Frisch Holocaust Gallery	19,295
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	40,655
Alexandra Miller Endowment for JHN - Amounts to be used to enhance the Jewish Service Program	675,469
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 donor-restricted net assets	<u>\$4,301,373</u>

NOTE 12 - 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 2019 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 donor-restricted net assets (a) the original value of gifts donated to the endowment, (b) the value of subsequent events to the endowment, and (c) accumulations to the 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 donor-restricted net assets is classified as net assets without donor restrictions as the restrictions are satisfied.

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 12 - 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 of 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, 2019, there were no deficiencies of this nature.

NOTE 12 - ENDOWMENTS (Continued)

Change in Endowment Net Assets

For the year ended June 30, 2019, the Organization had the following endowment activities:

	<u>Total Endowments</u>
Endowment net assets, beginning of year	\$ 1,154,870
Investment return:	
Increase in beneficial interest	72,912
Net appreciation	-
Total investment return	72,912
Contributions	-
Appropriations of endowment:	
Expenditure of assets	-
Endowment net assets, end of year	<u>\$ 1,227,782</u>

NOTE 13 - 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, 2019.

In addition, the Organization maintains an employee benefit plan open to certain key employees under IRC, Section 457. The Organization made contributions to this plan of approximately \$7,700 during the year ended June 30, 2019.

NOTE 14 - 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 14 - 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, 2019:

Description	Fair Value Measurement			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments in money market and mutual funds	\$ 1,742,623	\$ 1,742,623	\$ -	\$ -
Beneficial interest in the Remainder Trust	1,011,974	-	1,011,974	-
Beneficial interest in the Keebler Fund	158,815	-	-	158,815
	<u>\$ 2,913,412</u>	<u>\$ 1,742,623</u>	<u>\$ 1,011,974</u>	<u>\$ 158,815</u>

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

Balance, beginning of year	\$ 160,691
Net appreciation	5,770
Distribution to Organization	(7,646)
Balance, end of year	<u>\$ 158,815</u>

NOTE 15 - COMPARATIVE INFORMATION

The combined statements of financial position, activities, cash flows, and functional expenses include certain prior-year comparative and summarized comparative information. The summarized comparative information presents amounts in total but not by net asset class or by program and support function. 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, 2018, from which the summarized information was derived.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, principally consist 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.

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, 2019, included revenue from one major granter, which accounted for approximately 55% of the Organization's total revenue. Expenses pertaining to this grant accounted for approximately 56% of the 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



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, 2019, and our report thereon dated October 18, 2019, 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, 2019, appearing on pages 24 and 25, 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 21 through 23, is also presented for the 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 blue ink that reads "Moore Stephens Lovelace, P.A.".

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
October 18, 2019

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

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

Year Ended June 30, 2019

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

<u>Receipt of City Funds</u>	2017-2018	2018-2019	2017-2018	2018-2019	Safe Havens Grant through 6/30/2019	2017-2018	2018-2019	KHA Grant through 6/30/2019
	Public Service Grant through 9/30/2018	Public Service Grant through 6/30/2019	Criminal Justice Reinvestment Grant through 9/30/2018	Criminal Justice Reinvestment Grant through 6/30/2019		Full Service Schools Grant through 6/30/2018	Full Service Schools Grant through 6/30/2019	
Amount of Award (per City budget ordinance)	\$ 100,000	\$ 133,751	\$ 189,235	\$ 197,181	\$ 145,902	\$ 200,000	\$ 218,481	\$ 182,143
Actual Funds Received from City in Last Audit Period	(36,845)	-	(74,927)	(83,429)	-	(92,580)	-	-
Actual Amount Received this Period	(41,905)	(93,631)	(75,259)	(44,991)	(44,237)	(88,939)	(143,210)	(83,203)
Due from City	-	(11,236)	-	(68,761)	(21,258)	-	(49,995)	(51,845)
Amount Remaining	\$ 21,250	\$ 28,884	\$ 39,049	\$ -	\$ 80,407	\$ 18,481	\$ 25,276	\$ 47,095

Expenditures of City Funds

2017-2018 Public Service Grant through 9/30/18

Budget Item	Budgeted	Actual 7/1/17- 6/30/18	Actual 7/1/18- 6/30/19	Total Actual	Remaining Balance
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	\$ 100,000	\$ 78,750	\$ -	\$ 78,750	\$ 21,250

2018-2019 Public Service Grant through 6/30/19

Budget Item	Budgeted	Actual 7/1/17- 6/30/18	Actual 7/1/18- 6/30/19	Total Actual	Remaining Balance
Employee Compensation	\$ 13,251	\$ -	\$ 13,251	\$ 13,251	\$ -
Taxes & Benefits	2,535	-	2,433	2,433	102
Occupancy	3,100	-	3,071	3,071	29
Travel	67	-	36	36	31
Office Expense	700	-	488	488	212
Program Supplies	-	-	-	-	-
Direct Client Expense	114,008	-	85,555	85,555	28,453
Other	185	-	128	128	57
Totals	\$ 133,846	\$ -	\$ 104,962	\$ 104,962	\$ 28,884

2017-2018 Criminal Justice Reinvestment Grant through 9/30/18

Budget Item	Budgeted	Actual 10/1/17- 6/30/18	Actual 7/1/18- 6/30/19	Total Actual	Remaining Balance
Employee Compensation	\$ 142,363	\$ 106,140	\$ 13,389	\$ 119,529	\$ 22,834
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	\$ 13,389	\$ 150,186	\$ 39,049

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, 2019

2018-2019 Criminal Justice Reinvestment Grant through 6/30/19

Budget Item	Budgeted	Actual 10/1/17- 6/30/18	Actual 7/1/18- 6/30/19	Total Actual	Remaining Balance
Employee Compensation	\$ 132,223	\$ -	\$ 132,985	\$ 132,985	\$ (762)
Taxes & Benefits	36,368	-	28,735	28,735	7,633
Travel	3,325	-	3,273	3,273	52
Conferences and Seminars	(277)	-	3,329	3,329	(3,606)
Office Expense	3,710	-	6,158	6,158	(2,448)
Program Supplies	12,853	-	7,646	7,646	5,207
Small Equipment	-	-	2,206	2,206	(2,206)
Direct Client Expense	1,000	-	-	-	1,000
Other	(5,310)	-	-	-	(5,310)
Totals	\$ 183,892	\$ -	\$ 184,332	\$ 184,332	\$ (440)

Safe Haven Grant through 6/30/19

Budget Item	Budgeted	Actual 10/1/17- 6/30/18	Actual 7/1/17- 6/30/18	Total Actual	Remaining Balance
Employee Compensation	\$ 57,201	\$ -	\$ 40,802	\$ 40,802	\$ 16,399
Taxes & Benefits	5,461	-	3,323	3,323	2,138
Travel	364	-	1,341	1,341	(977)
Conferences and Seminars	5,625	-	1,962	1,962	3,663
Office Expense	2,641	-	1,731	1,731	910
Program Supplies	74,610	-	16,335	16,335	58,275
Small Equipment	-	-	-	-	-
Direct Client Expense	-	-	-	-	-
Other	-	-	-	-	-
Totals	\$ 145,902	\$ -	\$ 65,494	\$ 65,494	\$ 80,408

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

Budget Item	Budgeted	Actual 7/1/17- 6/30/18	Actual 7/1/18- 6/30/19	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

2018-2019 Full Service Schools Grant through 6/30/19

Budget Item	Budgeted	Actual 7/1/17- 6/30/18	Actual 7/1/18- 6/30/19	Total Actual	Remaining Balance
Employee Compensation	\$ 142,704	\$ -	\$ 137,820	\$ 137,820	\$ 4,884
Taxes & Benefits	37,416	-	28,064	28,064	9,352
Travel	6,686	-	1,975	1,975	4,711
Conferences and Seminars	-	-	229	229	(229)
Office Expense	403	-	5,168	5,168	(4,765)
Program Supplies	7,200	-	2,970	2,970	4,230
Small Equipment	4,390	-	247	247	4,143
Direct Client Expense	-	-	-	-	-
Other	19,682	-	16,732	16,732	2,950
Totals	\$ 218,481	\$ -	\$ 193,205	\$ 193,205	\$ 25,276

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, 2019

KHA Grant through 6/30/19

Budget Item	Budgeted	Actual 7/1/17- 6/30/18	Actual 7/1/17- 6/30/18	Total Actual	Remaining Balance
Employee Compensation	\$ 124,120	\$ -	\$ 111,538	\$ 111,538	\$ 12,582
Taxes & Benefits	29,528	-	19,025	19,025	10,503
Travel	2,819	-	21	21	2,798
Conferences and Seminars	-	-	-	-	-
Office Expense	2,512	-	1,146	1,146	1,366
Program Supplies	2,432	-	-	-	2,432
Small Equipment	2,406	-	3,208	3,208	(802)
Direct Client Expense	-	-	-	-	-
Other	18,326	-	110	110	18,216
Totals	\$ 182,143	\$ -	\$ 135,048	\$ 135,048	\$ 47,095

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, 2019

<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 & AD-2018-833-E	\$ 65,054
Department of Health and Human Services:			
Passed through Family Support Services:			
Temporary Assistance for Needy Families	93.558	CMO 015 & CMO 016	451,514
Promoting Safe and Stable Families	93.556	CMO 015 & CMO 016	1,957,862
Stephanie Tubbs Jones Child Welfare Services Program	93.645	CMO 015 & CMO 016	168,737
Administration for Children, Youth and Families	93.669	CMO 015 & CMO 016	36,504
Foster Care - Title IV-E	93.658	CMO 015 & CMO 016	1,136,004
Adoption Assistance	93.659	CMO 015 & CMO 016	<u>291,129</u>
Total Department of Health and Human Services			4,041,750
Department of Homeland Security:			
Passed through Emergency Food and Shelter Program:			
Emergency Food and Shelter National Board Program	97.024	31-1608-00-006	27,200
Department of Health & Human Services:			
Passed through Jewish Federation of North America:			
Administration for Community Living	93.048	90HS0001-03-00	<u>27,554</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 4,161,558</u></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, 2019

<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	\$ 304,371
In-Home Supports	60.075	CMO 015 & CMO 016	503,919
Extended Foster Care	60.141	CMO 015 & CMO 016	23,500
CBC-PTS for Children	60.183	CMO 015 & CMO 016	19,201
Passed through the City of Jacksonville:			
Emergency Financial Assistance	75.903	Program JXMS011PSG City Ordinance 2014-466-E	<u>104,867</u>
TOTAL STATE FINANCIAL EXPENDITURES			<u>\$ 955,858</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, 2019, 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 October 18, 2019.

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
October 18, 2019



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, 2019. 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.

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, 2019.

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
October 18, 2019

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2019

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, 2019

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

Federal Awards and State Projects (Continued)

Identification of major federal programs and major state projects:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Promoting Safe & Stable Family	93.556
Foster Care - Title IV-E	93.658
<u>Name of State Project</u>	<u>CSFA Number</u>
Out-of-Home Supports	60.074
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:	\$286,757
Auditee qualified as low-risk auditee?	<u> X </u> Yes <u> </u> 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.