

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE

COMBINED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2019 AND 2018
AND
SUPPLEMENTARY INFORMATION
JUNE 30, 2019

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE

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INDEPENDENT AUDITOR'S REPORT

To the Boards of Directors
of Jewish Family & Career Services, Inc. and Affiliate:

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Jewish Family & Career Services, Inc. and Affiliate (nonprofit organizations) which comprise the combined statements of financial position as of June 30, 2019 and 2018, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined 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 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 audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the combined financial statements are free of 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.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Jewish Family & Career Services, Inc. and Affiliate as of June 30, 2019 and 2018, and the changes in its combined net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements (financial statements) as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Schedule of State Contractual Assistance, and Schedule of Other Contractual Assistance Reviewed During the Audit for the year ended June 30, 2019 as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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 Jewish Family & Career Services, Inc. and Affiliate'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 solely 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 the effectiveness of Jewish Family & Career Services, Inc. and Affiliate's 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 Jewish Family & Career Services, Inc. and Affiliate's internal control over financial reporting and compliance.

Brooks, McInnis & Company, LLC

Atlanta, Georgia
October 18, 2019

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE
COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|--|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 272,987 | \$ 614,322 |
| Grants and other receivables | 692,916 | 482,156 |
| Promises to give, net of allowance for doubtful accounts of \$21,301 and \$16,489 | 2,318,150 | 2,120,622 |
| Capital Campaign promises to give, net | 72,824 | 304,699 |
| Prepaid expenses and other assets | 208,145 | 207,120 |
| Agency investments | 114,420 | 496,005 |
| Foundation investments | 5,850,553 | 5,524,234 |
| Land, property and equipment, net | <u>9,012,461</u> | <u>9,675,169</u> |
| Total assets | <u>\$ 18,542,456</u> | <u>\$ 19,424,327</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 298,796 | \$ 378,238 |
| Deferred compensation | - | 394,556 |
| Deferred revenue and refundable advances | 18,128 | 61,112 |
| Line of credit | 300,000 | - |
| Note payable and capital lease obligation | <u>173,039</u> | <u>254,713</u> |
| Total liabilities | <u>789,963</u> | <u>1,088,619</u> |
| Net assets: | | |
| Without donor restrictions: | | |
| Undesignated | 115,477 | 386,968 |
| Invested in land, property and equipment, net of related debt | 8,839,422 | 9,420,456 |
| Board designated for endowment fund | <u>546,470</u> | <u>526,426</u> |
| Total net assets without donor restrictions | <u>9,501,369</u> | <u>10,333,850</u> |
| With donor restrictions: | | |
| Purpose and time restrictions | 5,117,646 | 4,868,380 |
| Perpetual in nature | <u>3,133,478</u> | <u>3,133,478</u> |
| Total net assets with donor restrictions | <u>8,251,124</u> | <u>8,001,858</u> |
| Total net assets | <u>17,752,493</u> | <u>18,335,708</u> |
| Total liabilities and net assets | <u>\$ 18,542,456</u> | <u>\$ 19,424,327</u> |

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

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE
COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTAL FOR 2018)

| | Without Donor Restrictions | With Donor Restrictions | Total 2019 | Total 2018 |
|---|-------------------------------|----------------------------|----------------------|----------------------|
| Revenues and support: | | | | |
| Public support: | | | | |
| Jewish Federation of Greater Atlanta | \$ - | \$ 1,206,717 | \$ 1,206,717 | \$ 1,264,965 |
| United Way | 25,462 | 345,398 | 370,860 | 372,394 |
| Federal awards | 920,070 | - | 920,070 | 424,504 |
| Grants and contributions | 113,554 | 4,155,496 | 4,269,050 | 3,586,585 |
| Annual giving campaign | 1,211,951 | - | 1,211,951 | 1,345,676 |
| Capital campaign | - | 13,798 | 13,798 | 102,693 |
| Ben Massell Dental Clinic and other contributed services | 2,234,512 | - | 2,234,512 | 2,177,163 |
| Special events, net of related expenses of \$62,386 (2019) and \$63,042 (2018) | 180,281 | - | 180,281 | 201,723 |
| Net assets released from restrictions: | | | | |
| Satisfaction of program and other restrictions | 4,160,012 | (4,160,012) | - | - |
| Satisfaction of timing and other restrictions: | | | | |
| Jewish Federation of Greater Atlanta | 1,264,965 | (1,264,965) | - | - |
| United Way | 332,931 | (332,931) | - | - |
| Total support | <u>10,443,738</u> | <u>(36,499)</u> | <u>10,407,239</u> | <u>9,475,703</u> |
| Other revenue: | | | | |
| Program services | 3,857,296 | - | 3,857,296 | 3,853,956 |
| Net investment return | 32,852 | 285,765 | 318,617 | 309,528 |
| Other revenues | 107,666 | - | 107,666 | 98,410 |
| Total other revenue | <u>3,997,814</u> | <u>285,765</u> | <u>4,283,579</u> | <u>4,261,894</u> |
| Total revenues and support | <u>14,441,552</u> | <u>249,266</u> | <u>14,690,818</u> | <u>13,737,597</u> |
| Expenses: | | | | |
| Program Services: | | | | |
| Aviv Older Adult Services | 2,932,081 | - | 2,932,081 | 2,627,363 |
| Counseling/Child and Adolescent Services | 2,258,316 | - | 2,258,316 | 2,289,967 |
| Careers | 761,824 | - | 761,824 | 378,462 |
| Intellectual and Developmental Disabilities Services | 3,813,231 | - | 3,813,231 | 3,711,516 |
| Ben Massell Dental Clinic | 3,369,119 | - | 3,369,119 | 3,303,438 |
| Total program services | <u>13,134,571</u> | <u>-</u> | <u>13,134,571</u> | <u>12,310,746</u> |
| Supporting Services: | | | | |
| Management and general | 1,357,581 | - | 1,357,581 | 1,119,244 |
| Fundraising | 781,881 | - | 781,881 | 934,699 |
| Total supporting services | <u>2,139,462</u> | <u>-</u> | <u>2,139,462</u> | <u>2,053,943</u> |
| Total expenses | <u>15,274,033</u> | <u>-</u> | <u>15,274,033</u> | <u>14,364,689</u> |
| Change in net assets | (832,481) | 249,266 | (583,215) | (627,092) |
| Net assets, beginning of year | <u>10,333,850</u> | <u>8,001,858</u> | <u>18,335,708</u> | <u>18,962,800</u> |
| Net assets, end of year | <u>\$ 9,501,369</u> | <u>\$ 8,251,124</u> | <u>\$ 17,752,493</u> | <u>\$ 18,335,708</u> |

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

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE
COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

| | Without Donor Restrictions | With Donor Restrictions | Total 2018 |
|---|-------------------------------|----------------------------|----------------------|
| Revenues and support: | | | |
| Public support: | | | |
| Jewish Federation of Greater Atlanta | \$ - | \$ 1,264,965 | \$ 1,264,965 |
| United Way | 39,463 | 332,931 | 372,394 |
| Federal awards | 424,504 | - | 424,504 |
| Grants and contributions | 130,597 | 3,455,988 | 3,586,585 |
| Annual giving campaign | 1,345,676 | - | 1,345,676 |
| Capital campaign | - | 102,693 | 102,693 |
| Ben Massell Dental Clinic and other contributed services | 2,177,163 | - | 2,177,163 |
| Special events, net of related expenses of \$63,042 (2018) | 201,723 | - | 201,723 |
| Net assets released from restrictions: | | | |
| Satisfaction of program and other restrictions | 3,815,468 | (3,815,468) | - |
| Satisfaction of timing and other restrictions: | | | |
| Jewish Federation of Greater Atlanta | 1,386,308 | (1,386,308) | - |
| United Way | 447,833 | (447,833) | - |
| Total support | <u>9,968,735</u> | <u>(493,032)</u> | <u>9,475,703</u> |
| Other revenue: | | | |
| Program services | 3,853,956 | - | 3,853,956 |
| Net investment return | 47,530 | 261,998 | 309,528 |
| Other revenues | 98,410 | - | 98,410 |
| Total other revenue | <u>3,999,896</u> | <u>261,998</u> | <u>4,261,894</u> |
| Total revenues and support | <u>13,968,631</u> | <u>(231,034)</u> | <u>13,737,597</u> |
| Expenses: | | | |
| Program Services: | | | |
| Aviv Older Adult Services | 2,627,363 | - | 2,627,363 |
| Counseling/Child and Adolescent Services | 2,289,967 | - | 2,289,967 |
| Careers | 378,462 | - | 378,462 |
| Intellectual and Developmental | | | |
| Disabilities Services | 3,711,516 | - | 3,711,516 |
| Ben Massell Dental Clinic | 3,303,438 | - | 3,303,438 |
| Total program services | <u>12,310,746</u> | <u>-</u> | <u>12,310,746</u> |
| Supporting Services: | | | |
| Management and general | 1,119,244 | - | 1,119,244 |
| Fundraising | 934,699 | - | 934,699 |
| Total supporting services | <u>2,053,943</u> | <u>-</u> | <u>2,053,943</u> |
| Total expenses | <u>14,364,689</u> | <u>-</u> | <u>14,364,689</u> |
| Change in net assets | (396,058) | (231,034) | (627,092) |
| Net assets, beginning of year | <u>10,729,908</u> | <u>8,232,892</u> | <u>18,962,800</u> |
| Net assets, end of year | <u>\$ 10,333,850</u> | <u>\$ 8,001,858</u> | <u>\$ 18,335,708</u> |

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

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

| | Aviv Older Adult Services | Counseling/Child and Adolescent Services | Careers | Intellectual and Developmental Disabilities Services | Ben Massell Dental Clinic | Total Program | Management and General | Fundraising | Total Expenses |
|------------------------------------|---------------------------------|--|------------|---|---------------------------------|------------------|---------------------------|-------------|-------------------|
| Salaries and wages | \$ 875,968 | \$ 1,383,855 | \$ 545,625 | \$ 2,319,437 | \$ 542,771 | \$ 5,667,656 | \$ 567,738 | \$ 385,354 | \$ 6,620,748 |
| Payroll benefits and payroll taxes | 167,513 | 215,532 | 79,065 | 416,822 | 85,931 | 964,863 | 79,850 | 70,012 | 1,114,725 |
| Total personnel costs | 1,043,481 | 1,599,387 | 624,690 | 2,736,259 | 628,702 | 6,632,519 | 647,588 | 455,366 | 7,735,473 |
| Annual Campaign costs | - | - | - | - | - | - | - | 84,075 | 84,075 |
| Bad debt expense | - | - | - | 626 | - | 626 | - | 77,455 | 78,081 |
| Building occupancy, repairs and | 24,145 | 59,854 | 13,338 | 76,827 | 61,952 | 236,116 | 36,094 | 14,990 | 287,200 |
| Client assistance | 1,609,227 | 267,860 | 2,335 | 312,166 | - | 2,191,588 | - | - | 2,191,588 |
| Conferences and meetings | 8,034 | 5,410 | 462 | 11,061 | 4,696 | 29,663 | 41,252 | 1,314 | 72,229 |
| Dues and subscriptions | 945 | 1,602 | 885 | 5,404 | 2,656 | 11,492 | 17,064 | 155 | 28,711 |
| Information technology | 25,550 | 33,600 | 27,969 | 44,664 | 18,036 | 149,819 | 38,390 | 17,368 | 205,577 |
| In-kind professional fees | - | - | - | - | 2,232,895 | 2,232,895 | 1,617 | - | 2,234,512 |
| Insurance and taxes | 14,876 | 21,846 | 14,237 | 65,961 | 8,737 | 125,657 | 21,711 | 10,566 | 157,934 |
| Interest | 106 | 167 | 89 | 222 | - | 584 | 6,405 | 80 | 7,069 |
| Marketing and advertising | 29,620 | 60,068 | 18,105 | 47,958 | 13,981 | 169,732 | 65,977 | 11,058 | 246,767 |
| Postage | 3,715 | 501 | 278 | 561 | 848 | 5,903 | 3,285 | 3,018 | 12,206 |
| Professional fees | 57,583 | 75,419 | 9,358 | 44,084 | 27,041 | 213,485 | 383,184 | 54,214 | 650,883 |
| Supplies | 22,097 | 63,778 | 16,658 | 50,434 | 105,174 | 258,141 | 45,259 | 29,177 | 332,577 |
| Telephone | 10,214 | 9,515 | 6,090 | 22,085 | 9,355 | 57,259 | 9,574 | 3,316 | 70,149 |
| Transportation | 8,303 | 4,828 | 8,055 | 125,819 | 893 | 147,898 | 3,102 | 335 | 151,335 |
| Total expenses before depreciation | 1,814,415 | 604,448 | 117,859 | 807,872 | 2,486,264 | 5,830,858 | 672,914 | 307,121 | 6,810,893 |
| Depreciation | 74,185 | 54,481 | 19,275 | 269,100 | 254,153 | 671,194 | 37,079 | 19,394 | 727,667 |
| Total expenses | \$ 2,932,081 | \$ 2,258,316 | \$ 761,824 | \$ 3,813,231 | \$ 3,369,119 | \$ 13,134,571 | \$ 1,357,581 | \$ 781,881 | \$ 15,274,033 |
| Percentage of Total | 19% | 15% | 5% | 25% | 22% | 86% | 9% | 5% | 100% |

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

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

| | Aviv Older Adult Services | Counseling/Child and Adolescent Services | Careers | Intellectual and Developmental Disabilities Services | Ben Massell Dental Clinic | Total Program | Management and General | Fundraising | Total Expenses |
|--|---------------------------------|--|------------|---|---------------------------------|------------------|---------------------------|-------------|-------------------|
| Salaries and wages | \$ 842,560 | \$ 1,329,356 | \$ 236,275 | \$ 2,215,725 | \$ 530,275 | \$ 5,154,191 | \$ 610,486 | \$ 517,673 | \$ 6,282,350 |
| Payroll benefits and payroll taxes | 151,768 | 215,755 | 45,803 | 382,062 | 84,717 | 880,105 | 84,905 | 77,536 | 1,042,546 |
| Total personnel costs | 994,328 | 1,545,111 | 282,078 | 2,597,787 | 614,992 | 6,034,296 | 695,391 | 595,209 | 7,324,896 |
| Annual Campaign costs | - | - | - | - | - | - | - | 116,327 | 116,327 |
| Bad debt expense | - | - | - | - | - | - | 3,658 | - | 3,658 |
| Building occupancy, repairs and maintenance | 25,050 | 60,997 | 8,051 | 83,412 | 60,568 | 238,078 | 32,469 | 15,280 | 285,827 |
| Client assistance | 1,366,291 | 306,167 | 31,919 | 302,977 | - | 2,007,354 | - | - | 2,007,354 |
| Conferences and meetings | 9,891 | 5,718 | 1,153 | 12,128 | 4,380 | 33,270 | 25,240 | 2,112 | 60,622 |
| Dues and subscriptions | 1,951 | 873 | 1,480 | 4,940 | 2,600 | 11,844 | 19,168 | 665 | 31,677 |
| Information technology | 22,027 | 35,817 | 7,847 | 59,884 | 23,357 | 148,932 | 39,365 | 17,282 | 205,579 |
| In-kind professional fees | - | - | - | - | 2,163,577 | 2,163,577 | 13,586 | - | 2,177,163 |
| Insurance and taxes | 16,034 | 24,029 | 5,350 | 67,089 | 10,625 | 123,127 | 21,736 | 11,298 | 156,161 |
| Interest | 171 | 269 | 57 | 371 | 271 | 1,139 | 3,912 | 114 | 5,165 |
| Marketing and advertising | 25,674 | 64,703 | 6,478 | 51,879 | 15,812 | 164,546 | 61,570 | 8,583 | 234,699 |
| Postage | 4,121 | 846 | 149 | 1,338 | 1,108 | 7,562 | 3,663 | 6,326 | 17,551 |
| Professional fees | 61,216 | 78,070 | 4,095 | 40,750 | 33,085 | 217,216 | 102,525 | 88,525 | 408,266 |
| Supplies | 26,112 | 64,854 | 11,611 | 62,814 | 149,326 | 314,717 | 41,558 | 33,130 | 389,405 |
| Telephone | 9,355 | 9,093 | 2,016 | 31,263 | 9,665 | 61,392 | 12,208 | 4,193 | 77,793 |
| Transportation | 8,415 | 3,919 | 271 | 133,779 | 697 | 147,081 | 2,093 | 802 | 149,976 |
| Total expenses before depreciation | 2,570,636 | 2,200,466 | 362,555 | 3,450,411 | 3,090,063 | 11,674,131 | 1,078,142 | 899,846 | 13,652,119 |
| Depreciation | 56,727 | 89,501 | 15,907 | 261,105 | 213,375 | 636,615 | 41,102 | 34,853 | 712,570 |
| Total expenses | \$ 2,627,363 | \$ 2,289,967 | \$ 378,462 | \$ 3,711,516 | \$ 3,303,438 | \$ 12,310,746 | \$ 1,119,244 | \$ 934,699 | \$ 14,364,689 |
| Percentage of Total | 18% | 16% | 3% | 26% | 23% | 86% | 7% | 7% | 100% |

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

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

| | 2019 | 2018 |
|--|--------------|--------------|
| Cash flows from operating activities: | | |
| Decrease in net assets | \$ (583,215) | \$ (627,092) |
| Adjustments to reconcile decrease in net assets to net cash used in operating activities: | | |
| Depreciation expense | 727,667 | 712,570 |
| Net realized and unrealized gains on investments | (229,924) | (216,550) |
| Contributions and promises to give restricted for Capital Campaign | (13,798) | (102,693) |
| Contributions to permanent endowment funds | - | (8,308) |
| Changes in assets and liabilities: | | |
| (Increase) decrease in: | | |
| Grants and other receivables | (210,760) | (82,314) |
| Promises to give, net | (197,528) | 187,798 |
| Prepaid expenses and other assets | (1,025) | (35,993) |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | (79,442) | (117,460) |
| Deferred revenue and refundable advances | (42,984) | 4,245 |
| Total adjustments | (47,794) | 341,295 |
| Net cash used in operating activities | (631,009) | (285,797) |
| Cash flows from investing activities: | | |
| Sales of investments | 2,621,377 | 1,788,109 |
| Purchases of investments | (2,730,743) | (2,415,177) |
| Purchase of property and equipment | (64,959) | (403,342) |
| Net cash used in investing activities | (174,325) | (1,030,410) |
| Cash flows from financing activities: | | |
| Line of credit borrowings | 300,000 | - |
| Collections on Capital Campaign contributions and promises to give | 245,673 | 559,314 |
| Contributions to permanent endowment funds | - | 8,308 |
| Payments on note payable and capital lease obligation | (81,674) | (77,107) |
| Net cash provided by financing activities | 463,999 | 490,515 |
| Net decrease in cash and cash equivalents | (341,335) | (825,692) |
| Cash and cash equivalents, beginning of year | 614,322 | 1,440,014 |
| Cash and cash equivalents, end of year | \$ 272,987 | \$ 614,322 |
| Supplemental disclosure of cash flow information: | | |
| Interest paid | \$ 7,069 | \$ 5,122 |

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

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. Nature of Organization and Significant Accounting Policies

Jewish Family & Career Services, Inc. (the Agency) was incorporated in 1997 as a result of a merger between Jewish Family Services, Inc. and Jewish Vocational Services, Inc. JF&CS Foundation, Inc. (the Foundation) receives and administers funds for the exclusive benefit and support of Jewish Family & Career Services, Inc. Together, Jewish Family & Career Services, Inc. and JF&CS Foundation, Inc. are referred to as the Organization.

The Organization is a private, nonprofit organization as defined in Section 501(c)(3) of the Internal Revenue Code, whose purpose is to provide health, career, and human services to support and enhance the well-being of individuals and families across all ages, faiths, cultures and lifestyles. JF&CS Foundation, Inc. is further categorized as a Type 1 supporting organization under Section 509(a)(3) of the Internal Revenue Code.

Principles of Combination

The combined financial statements include the accounts of Jewish Family & Career Services, Inc. and JF&CS Foundation, Inc. All significant intercompany accounts and transactions have been eliminated in combination.

Method of Reporting and Financial Statement Presentation

The Organization maintains its accounts on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Items that affect (i.e., increase or decrease) this net asset category include unrestricted contributions, investment income, and program service fees and related expenses associated with the Organization’s core activities.

At times, the governing board may earmark otherwise unrestricted net assets for a specified purpose. Since this is not a donor-imposed restriction, the designated asset is classified and reported a part of net assets without donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor, or certain grantor, imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

JEWISH FAMILY & CAREER SERVICES, INC.
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1. Nature of Organization and Significant Accounting Policies – Continued

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Cash and Cash Equivalents and Concentration of Credit

The Organization considers all short-term, interest-bearing deposits with original maturities of three months or less to be cash equivalents. Cash and cash equivalents include demand deposit accounts. Balances in the Organization's demand deposit accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. Uninsured balances in the demand deposit accounts as of June 30, 2019 and 2018 totaled \$261,539 and \$531,816, respectively.

Financial Instruments and Credit Risk

The Organization manages its deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy. At that time, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts.

Credit risk associated with accounts receivable and promises to give is considered to be limited due to high collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of the Organization's mission.

Investments are made by diversified investment managers whose performance is monitored by the Foundation's investment committee. Although the fair values of the investments are subject to fluctuation on a year-to-year basis, the Organization believes the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Grants and Other Receivable s

Reimbursements to be received under contracts with federal, state and other grantors are recorded when the related expenditures are incurred. Reimbursements are based on actual expenditures or cost per unit of service arrangements. Management believes grants and other receivable s are fully collectible as of June 30, 2019 and 2018.

JEWISH FAMILY & CAREER SERVICES, INC.
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1. Nature of Organization and Significant Accounting Policies – Continued

Promises to Give

Promises to give are recognized as revenues in the period the unconditional promise is made at their estimated fair value less an appropriate allowance for uncollectible amounts. Promises to give over more than one year are recorded at their discounted present value. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based on quoted market prices with all related gains and losses reported in the combined statements of activities.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. Property and equipment are stated at cost or estimated fair value at time of donation. Depreciation is computed by the straight-line method over the estimated useful lives as stated below:

| | |
|-----------------------------------|---------------|
| Buildings and improvements | 10 - 25 years |
| Furniture, fixtures and equipment | 3 - 7 years |
| Vehicles | 5 years |

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. The Organization's management identified no indicators of impairment of property and equipment as of June 30, 2019 and 2018.

Deferred Revenue and Refundable Advances

Deferred revenue and refundable advances primarily represent funds received for services to be performed in the subsequent year.

Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

JEWISH FAMILY & CAREER SERVICES, INC.
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1. Nature of Organization and Significant Accounting Policies – Continued

Ben Massell Dental Clinic Contributed Services

The Organization operates the Ben Massell Dental Clinic (BMDC) which provides quality dental care at no cost to Atlanta's neediest population. BMDC's procedures are solely provided by volunteer dentists. Such non-cash gifts of services (and corresponding offsetting expenses) are recorded at their estimated fair value, as such services are provided by individuals possessing specialized skills that would need to be purchased if not provided by donation. For the years ended June 30, 2019 and 2018, such volunteer services had an aggregate estimated fair value of \$2,232,895 and \$2,163,577, respectively. Such fair value is based on the estimated value of the service if provided at a private dental practice less an estimate for overhead at such practice.

Functional Allocation of Expenses

The combined financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, such expenses require allocation on a reasonable basis that is consistently applied. These expenses are generally allocated based on an analysis of either the time and effort or the square-footage devoted to each major program or supporting function.

Income Taxes

The Organization is a nonprofit organization exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. For the years ended June 30, 2019 and 2018, the Organization did not have any unrelated business income, and accordingly, no unrelated business income tax. The Organization's income tax returns are subject to examination by the appropriate regulatory authorities for all open years, which typically include the last three years filed.

Subsequent Event

Subsequent events have been evaluated through October 18, 2019, which is the date the combined financial statements were available to be issued. Other than as discussed in Note 11, there were no subsequent events that required recognition or disclosure in the combined financial statements.

JEWISH FAMILY & CAREER SERVICES, INC.
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2. Liquidity and Availability of Financial Assets

The Organization is substantially supported by contributions, grants, awards, and program service fees. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers financial assets for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures may be incurred for program, fundraising, or administrative purposes. Annual operations are defined as activities occurring during the Organization's fiscal year.

The Organization's financial assets at June 30, 2019 and 2018 (reduced by amounts not available for general expenditure within the next 12 months) available within one year after this date to satisfy liabilities at this date and for future general expenditure are as follows:

| | 2019 | 2018 |
|--|---------------------|---------------------|
| Financial assets at year end: | | |
| Cash and cash equivalents | \$ 272,987 | \$ 614,322 |
| Grants and accounts receivable | 692,916 | 482,156 |
| Promises to give, net | 2,318,150 | 2,120,622 |
| Capital campaign promises to give, net | 72,824 | 304,699 |
| Agency investments | 114,420 | 496,005 |
| Foundation investments | 5,850,553 | 5,524,234 |
| Total financial assets | <u>9,321,850</u> | <u>9,542,038</u> |
| Less amounts not available for general expenditures within one year: | | |
| Promise to give restricted for expenditure in fiscal year ending June 30, 2021 | (286,296) | - |
| Promises to give - due in more than one year, net | (69,025) | (107,122) |
| Capital campaign cash and promises to give, net | (72,824) | (307,690) |
| Foundation investments | (5,850,553) | (5,524,234) |
| Add back transfer of Board designated funds (See Note 11) | 500,000 | - |
| Add back amounts allocated for subsequent year | <u>268,429</u> | <u>279,360</u> |
| Financial assets available to meet general expenditures within one year | <u>\$ 3,811,581</u> | <u>\$ 3,882,352</u> |

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments. As described in Note 8, the Organization also maintains a committed line of credit in the amount of \$600,000 which it could draw upon in the event of an unanticipated liquidity event. Additionally, the Organization has endowment funds as described in Note 11 from which the Foundation's Board may appropriate additional funds from their accumulated earnings at its discretion.

JEWISH FAMILY & CAREER SERVICES, INC.
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3. Promises to Give, Net

Jewish Federation and United Way Service promises to give are always received within the next fiscal year. Other promises to give are receivable within one to five years from the date of donation. Promises to give as of June 30 are as follows:

| | <u>2019</u> | <u>2018</u> |
|-------------------------------------|---------------------|---------------------|
| Jewish Federation promise to give | \$ 1,206,717 | \$ 1,264,965 |
| United Way Services promise to give | 345,398 | 332,931 |
| Other promises to give, net | <u>766,035</u> | <u>522,726</u> |
| | <u>\$ 2,318,150</u> | <u>\$ 2,120,622</u> |

Other promises to give consist of amounts both with and without donor restrictions. Other promises to give above are expected to be collected as follows:

| | <u>2019</u> | <u>2018</u> |
|-----------------------------------|-------------------|-------------------|
| Due within one year | \$ 697,010 | \$ 415,604 |
| Due within two to five years | 74,000 | 117,500 |
| Less present value discount of 5% | <u>(4,975)</u> | <u>(10,378)</u> |
| | <u>\$ 766,035</u> | <u>\$ 522,726</u> |

4. Capital Campaign Promises to Give, Net

During 2014, the Organization embarked on a \$5.1 million Capital Campaign to complete its campus in Dunwoody, Georgia. Capital campaign contributions are expected to total approximately \$6,800,000, of which approximately \$6,727,000 has been collected as of June 30, 2019. Capital campaign promises to give consist of the following as of June 30:

| | <u>2019</u> | <u>2018</u> |
|-----------------------------------|------------------|-------------------|
| Due within one year | \$ 51,908 | \$ 262,410 |
| Due within two to five years | 22,200 | 51,421 |
| Less present value discount of 2% | <u>(1,284)</u> | <u>(9,132)</u> |
| | <u>\$ 72,824</u> | <u>\$ 304,699</u> |

JEWISH FAMILY & CAREER SERVICES, INC.
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5. Investments

Agency Investments

The Agency maintains investments primarily associated with deferred compensation plans as further described in Note 7. These plans establish parameters as to how their assets are to be invested. The investments held in these plans were liquidated and distributed according to the terms of the plan during the year ended June 30, 2019.

Foundation Investments

The Foundation owns all of the Organization's endowment funds. The Board of Directors of JF&CS Foundation has adopted an Investment Policy for the purpose of providing general guidelines for the prudent management of its investments. The JF&CS Foundation Board has fiduciary responsibility for directing and monitoring the investment management of the assets and is authorized to establish relationships and delegate responsibilities to a third party to manage the assets. The JF&CS Foundation Board has delegated day-to-day management responsibility to external professional investment managers.

To satisfy the long-term objectives of JF&CS Foundation, the Investment Policy has various asset allocation guidelines. The target allocations are intended to represent long term averages based on the overall risk level the Foundation is willing to take with respect to the portfolio, the intent being that current allocations be determined by the investment advisor within certain parameters and approved by the Foundation Board. The JF&CS Foundation Board reviews these allocation percentages periodically.

The JF&CS Foundation Board meets on a quarterly basis with the external professional investment managers to review asset performance results, comparable benchmark results, plan reports, asset allocation, appropriateness of plan assets, and any other related issues. The Investment Policy is reviewed at least annually to determine whether it is still appropriate.

The JF&CS Foundation Board determines the amount to be made available annually to meet the needs of and be spent by Jewish Family & Career Services. The annual amount expected to be made available is approximately 5% of the total asset value; however, the JF&CS Foundation Board has the discretion to adjust this amount as needed based on market conditions. Amounts made available are in line with each donor's intent, a written donor agreement, or the charitable mission of Jewish Family & Career Services. No funds may be used to further any personal interests of any related party to the Organization.

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5. Investments – Continued

Investment Assets

The Organization classifies its investment assets using a hierarchy of inputs to fair value measurements in accordance with professional standards, as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology that are derived principally from or corroborated by observable market data:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs that are unobservable and significant to the overall fair value measurement.

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

The Organization's direct investments in equity and fixed income securities consist primarily of investments in exchange-traded companies, mutual funds or bond funds. Accordingly, the Organizations' direct investments in equity and fixed income investments are Level 1 securities.

The Organization values all other securities at prices provided by its investment manager, which obtains such pricing from recognized pricing services. Such services generally provide daily asset pricing and are verified by the investment manager by reference to a secondary pricing source. None of the Organization's investments are Level 2 or Level 3 investments.

JEWISH FAMILY & CAREER SERVICES, INC.
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5. Investments – Continued

Investment Assets – Continued

The following tables present assets measured as fair value on a recurring basis as of June 30:

| Agency Investments | Fair Value Hierarchy | 2019 | 2018 |
|--------------------------|-------------------------|-------------------|-------------------|
| Money market funds | 1 | \$ 8,116 | \$ 25,290 |
| Equity mutual funds | 1 | - | 343,389 |
| Equity common stock | 1 | 106,304 | 127,326 |
| Total Agency investments | | <u>\$ 114,420</u> | <u>\$ 496,005</u> |

| Foundation Investments | Fair Value Hierarchy | 2019 | 2018 |
|------------------------------|-------------------------|---------------------|---------------------|
| Cash and money market funds | 1 | \$ 166,980 | \$ 624,172 |
| Individual common stocks | 1 | 554,299 | 571,726 |
| Equity mutual funds: | | | |
| Exchange traded funds | 1 | 1,731,206 | 1,144,426 |
| Large cap | 1 | 1,185,511 | 906,662 |
| Mid and small cap | 1 | - | 485,426 |
| International | 1 | 454,357 | 685,670 |
| Fixed Income: | | | |
| Short term bond fund | 1 | 838,030 | 384,704 |
| Corporate and other bonds | 1 | 920,170 | 721,448 |
| Total Foundation investments | | <u>\$ 5,850,553</u> | <u>\$ 5,524,234</u> |

Net investment return consists of the following for the years ended June 30:

| | 2019 | 2018 |
|-------------------------------------|-------------------|-------------------|
| Interest and dividends, net of fees | \$ 88,693 | \$ 92,978 |
| Realized gains (losses) | (22,966) | 121,179 |
| Unrealized gains | 252,890 | 95,371 |
| Net investment return | <u>\$ 318,617</u> | <u>\$ 309,528</u> |

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6. Land, Property and Equipment, Net

Land, property and equipment consist of the following as of June 30:

| | 2019 | 2018 |
|---|--------------|--------------|
| Building and improvements - Dunwoody campus | \$ 8,814,012 | \$ 8,797,072 |
| Land - Dunwoody campus | 500,000 | 500,000 |
| Land and building - Ben Massell Dental Clinic | 3,282,601 | 3,282,601 |
| Office equipment and furniture | 1,270,058 | 1,270,058 |
| Dental equipment and furniture | 1,655,716 | 1,655,716 |
| Vehicles | 598,916 | 550,897 |
| | 16,121,303 | 16,056,344 |
| Less accumulated depreciation | (7,108,842) | (6,381,175) |
| Land, property and equipment, net | \$ 9,012,461 | \$ 9,675,169 |

Depreciation expense for the years ended June 30, 2019 and 2018 was \$727,667 and \$712,570, respectively.

7. Deferred Compensation

The Organization maintained a deferred compensation plan under Internal Revenue Code Section 457(b) for a select group of management or highly compensated employees. Eligible employees may elect to make pre-tax deferrals into this plan up to Internal Revenue Service contribution limits. All compensation deferred under this plan and all investments purchased with such deferrals are owned by the Organization until distributed to the employee. The assets held in this plan were liquidated and distributed according to the terms of the plan during the year ended June 30, 2019.

8. Line of Credit

The Organization has a line of credit with a maximum amount available of \$600,000 that is secured by property owned by the Organization and is due on demand. The Organization is required to pay down any outstanding balance under this line to a maximum of \$100 for 30 consecutive days annually. The line of credit accrues interest at the Bank's Prime Rate plus .5% with a floor of 5% (6% as of June 30, 2019). Borrowings under the line of credit were \$300,000 as of June 30, 2019. There was no amount outstanding on the line of credit as of June 30, 2018. This line of credit agreement expires in April 2020.

JEWISH FAMILY & CAREER SERVICES, INC.
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9. Note Payable and Capital Lease Obligation

The Organization has a note payable monthly with interest at LIBOR (2.37% at June 30, 2019) and a capital lease contractually due over the next one to three years as follows:

| <u>Year Ending June 30:</u> | <u>Note Payable</u> | <u>Capital Lease</u> | <u>Total</u> |
|---|-------------------------|--------------------------|-------------------|
| 2020 | \$ 72,392 | \$ 10,733 | \$ 83,125 |
| 2021 | 76,857 | - | 76,857 |
| 2022 | 13,261 | - | 13,261 |
| Total minimum note payable and lease payments | 162,510 | 10,733 | 173,243 |
| Less amount representing interest | - | (204) | (204) |
| Note payable and capital lease obligation | \$ <u>162,510</u> | \$ <u>10,529</u> | \$ <u>173,039</u> |

Under the terms of the note payable, the Organization would be required to remit a portion of the proceeds from the sale of its Dunwoody Campus building to the note holder should such property be sold prior to 2026. The portion would be based generally upon a percentage (14% at June 2019 decreasing ratably annually through 2025) of the excess of the sale proceeds over the sum of \$2.2 million plus the cost of all improvements made to such property since 2001.

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10. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30:

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| Subject to expenditure for specified purpose: | | |
| Capital Campaign - Campus Project and future maintenance | \$ 72,824 | \$ 307,690 |
| Other program support | 84,000 | 167,452 |
| Jewish Federation of Greater Atlanta | 1,206,717 | 1,264,965 |
| United Way | 345,398 | 332,931 |
| Support restricted for use in subsequent years and for specific program purposes | 1,063,070 | 747,970 |
| Passover and emergency assistance | 175,232 | 183,042 |
| | <u>2,947,241</u> | <u>3,004,050</u> |
| Endowments: | | |
| Subject to appropriation and expenditure for specified purposes: | | |
| Aviv Older Adult Services | 46,968 | 47,445 |
| Counseling/Child and Adolescent Services | 914,631 | 874,932 |
| Intellectual and Developmental Disabilities Services | 316,520 | 281,063 |
| Ben Massell Dental Clinic | 47,327 | 92,155 |
| General and administrative | 533,170 | 486,798 |
| Dunwoody Campus | 308,149 | 80,000 |
| Other | 3,840 | 1,937 |
| | <u>2,170,605</u> | <u>1,864,330</u> |
| Original donor-restricted gift amounts required to be maintained in perpetuity by the donor, earnings restricted for the following purposes: | | |
| Aviv Older Adult Services | 933,801 | 933,801 |
| Counseling/Child and Adolescent Services | 52,065 | 52,065 |
| Intellectual and Developmental Disabilities Services | 550,000 | 550,000 |
| Ben Massell Dental Clinic | 591,852 | 591,852 |
| Dunwoody campus | 500,000 | 500,000 |
| Community Human Services | 505,760 | 505,760 |
| | <u>3,133,478</u> | <u>3,133,478</u> |
| Total net assets with donor restrictions | <u>\$ 8,251,324</u> | <u>\$ 8,001,858</u> |

JEWISH FAMILY & CAREER SERVICES, INC.
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JUNE 30, 2019 AND 2018

10. Net Assets With Donor Restrictions – Continued

During the years ended June 30, 2019 and 2018, certain net assets were released from donor restrictions by satisfying time and/or program restrictions specified by donors. Total satisfaction of program and/or time restrictions was as follows:

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| Grants and contributions for program purposes | \$ 4,027,067 | \$ 3,422,076 |
| Passover and emergency assistance | 132,945 | 146,328 |
| Capital Campaign purposes | <u>-</u> | <u>247,064</u> |
| Total net assets released for program and other restrictions | <u>\$ 4,160,012</u> | <u>\$ 3,815,468</u> |

11. Endowment Funds

JF&CS Foundation follows the requirements of Georgia's Uniform Prudent Management of Institutional Funds Act (the "Act"). The Foundation is required to evaluate the gift instrument and related information to determine the directions and intentions of the donor. The Foundation classifies gifts that are not immediately expendable as net assets with donor restrictions, depending on the restrictions that the donor has imposed. As a result, JF&CS Foundation classifies amounts to be maintained in perpetuity net assets for which the (a) the original value of gifts donated to a permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. Unless otherwise stated in the donor agreement, earnings on these amounts are classified as accumulated investment gains and restricted for the purpose specified by the donor until those funds are approved to be spent.

All funds held by JF&CS Foundation, Inc. were established by gifts or bequests to provide a source of future income generally for specific purposes or were designated by the Board to be held in the endowment fund and are therefore considered endowment funds for financial reporting purposes. Jewish Family & Career Services, Inc. does not maintain any endowment funds, but rather receives numerous grants and contributions from various funders generally to be used for the Organization's combined activities within the upcoming year.

From time to time, the fair value of invested assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. As of June 30, 2019 and 2018, there were no deficiencies of this nature.

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JUNE 30, 2019 AND 2018

11. Endowment Funds – Continued

Endowment funds by net asset category consisted of the following as of June 30, 2019 and 2018:

| 2019 | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------------|
| Board-designated endowment funds | \$ 546,470 | \$ - | \$ 546,470 |
| Donor restricted endowment funds: | | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor | - | 3,133,478 | 3,133,478 |
| Accumulated investment gains | - | 2,170,605 | 2,170,605 |
| | <u>\$ 546,470</u> | <u>\$ 5,304,083</u> | <u>\$ 5,850,553</u> |
| | | | |
| 2018 | | | |
| Board-designated endowment funds | \$ 526,426 | \$ - | \$ 526,426 |
| Donor restricted endowment funds: | | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor | - | 3,133,478 | 3,133,478 |
| Accumulated investment gains | - | 1,864,330 | 1,864,330 |
| | <u>\$ 526,426</u> | <u>\$ 4,997,808</u> | <u>\$ 5,524,234</u> |

During October 2019, the Foundation's board transferred \$500,000 of Board-designated endowment funds to the Agency. These funds can be used for any purpose by the Agency.

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11. Endowment Funds – Continued

Changes in endowment funds by net assets category consisted of the following as of June 30, 2019 and 2018:

| <u>2019</u> | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|---------------------|
| Endowment funds, beginning of year | \$ 526,426 | \$ 4,997,808 | \$ 5,524,234 |
| Contributions/transfers | - | 333,783 | 333,783 |
| Investment income | 23,021 | 65,671 | 88,692 |
| Net appreciation of investments | 22,801 | 194,153 | 216,954 |
| Appropriation of endowment assets for expenditure | <u>(25,778)</u> | <u>(287,332)</u> | <u>(313,110)</u> |
| Endowment funds, end of year | <u>\$ 546,470</u> | <u>\$ 5,304,083</u> | <u>\$ 5,850,553</u> |
| <u>2018</u> | | | |
| Endowment funds, beginning of year | \$ 487,566 | \$ 4,681,187 | \$ 5,168,753 |
| Contributions/transfers | 15,000 | 269,182 | 284,182 |
| Investment income | 14,220 | 78,758 | 92,978 |
| Net appreciation of investments | 31,784 | 165,042 | 196,826 |
| Appropriation of endowment assets for expenditure | <u>(22,144)</u> | <u>(196,361)</u> | <u>(218,505)</u> |
| Endowment funds, end of year | <u>\$ 526,426</u> | <u>\$ 4,997,808</u> | <u>\$ 5,524,234</u> |

12. Change in Net Assets

The total change in net assets, excluding non-cash depreciation expense is detailed below.

| | <u>2019</u> | <u>2018</u> |
|---|-------------------|------------------|
| Total change in net assets per Statements of Activities | \$ (583,215) | \$ (627,092) |
| Plus depreciation expense | <u>727,667</u> | <u>712,570</u> |
| Change in net assets, excluding depreciation expense | <u>\$ 144,452</u> | <u>\$ 85,478</u> |

JEWISH FAMILY & CAREER SERVICES, INC.
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13. Employee Benefit Plan

The Organization maintains a 401(k) plan and matches 100% of the first 3% contributed by eligible employees and 50% of the next 2% contributed by eligible employees to the plan. Contributions for the years ended June 30, 2019 and 2018 totaled approximately \$156,000 and \$168,000, respectively.

14. Operating Lease Obligations

The Organization has several non-cancelable operating leases, primarily for leased vehicles and copiers. Future minimum lease payments under non-cancelable operating leases are as follows:

| <u>Year Ending June 30:</u> | |
|------------------------------|--------------------------|
| 2020 | \$ 43,879 |
| 2021 | 28,907 |
| 2022 | 25,124 |
| 2023 | 25,124 |
| 2024 | <u>18,843</u> |
| Total minimum lease payments | \$ <u><u>141,877</u></u> |

Total rent expense for operating leases was approximately \$72,614 and \$66,500 for the years ended June 30, 2019 and 2018, respectively.

15. Contingencies

Certain federally funded programs are routinely subject to special audit. Such federal agencies have the authority to determine liabilities as well as to limit, suspend, or terminate the federal programs. Since the Organization does not expect claims to arise as a result of such audits, no provision for liabilities, if any, has been provided in the Organization's combined financial statements.

The Organization is subject to legal actions arising in the ordinary course of business, including certain known claims. The Organization believes it has adequate legal defenses and insurance coverage with respect to any current claims; accordingly, no provision for any liability that may result from these claims has been made in the accompanying combined financial statements.

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE

REPORTS AND OTHER SCHEDULES AND INFORMATION
AS REQUIRED BY THE UNIFORM GUIDANCE

FOR THE YEAR ENDED JUNE 30, 2019

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

| Federal Grantor/Pass- through Grantor/Program Title | Federal CFDA Number | Pass-through Entity Identifying Number | Federal Expenditures |
|---|---------------------------|--|--------------------------|
| U.S. Department of Health and Human Services: | | | |
| Passed Through Georgia Department of Human Services: | | | |
| Elderly Refugees | 93.566 | 42700-040-0000060913 | \$ 29,862 |
| Elderly Refugees | 93.566 | 42700-040-0000071486 | 58,600 |
| | | | <u>88,462</u> |
| Passed Through Criminal Justice Coordinating Council: | | | |
| Family Violence Prevention and Services Act, Shalom Bayit | 93.671 | V18-8-061 | 50,000 |
| | | | <u>50,000</u> |
| U.S. Department of Health and Human Services Total | | | 138,462 |
| U.S. Department of Labor: | | | |
| Passed Through DeKalb County: | | | |
| WorkSource DeKalb Grant Adult | 17.258 | 18-500484 | 283,916 |
| WorkSource DeKalb Grant Dislocated Worker | 17.278 | 18-500484 | 250,648 |
| | | | <u>534,564</u> |
| U.S. Department of Labor Total | | | 534,564 |
| U.S. Department of Justice: | | | |
| Passed Through the Criminal Justice Coordinating Council: | | | |
| Violence Against Women Grant Program | 16.575 | C16-8-172 | 73,610 |
| Violence Against Women Grant Program | 16.575 | C17-8-057 | 173,434 |
| | | | <u>247,044</u> |
| U.S. Department of Justice Total | | | 247,044 |
| Total Federal Expenditures | | | \$ <u><u>920,070</u></u> |

See accompanying notes to schedule of expenditures of federal awards.

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards summarizes the expenditures of the Organization under programs of the federal government for the year ended June 30, 2019 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) 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.

2. Accounting Principles

Expenditures for direct costs are recognized as incurred using the accrual method of accounting and the cost accounting principles contained in the Uniform Guidance. Under these cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



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

To the Board of Directors
of Jewish Family & Career Services, Inc. and Affiliate:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Jewish Family & Career Services, Inc. and Affiliate (a nonprofit organization) (the Organization), which comprise the combined statement of financial position as of June 30, 2019, and the related combined statements of activities, functional expenses and cash flows 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 reasonable possibility that a material misstatement of the entity's combined financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's combined financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of combined 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 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brooks, McInnis & Company, LLC

Atlanta, Georgia
October 18, 2019



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
of Jewish Family & Career Services, Inc. and Affiliate:

Report on Compliance for Each Major Federal Program

We have audited Jewish Family & Career Services, Inc. and Affiliate's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2019. The Organization's major federal programs 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 statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs 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, and the audit requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 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. However, our audit does not provide a legal determination on the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, Jewish Family & Career Services, Inc. and Affiliate 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 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 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 and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Brooks, McMinis & Company, LLC

Atlanta, Georgia
October 18, 2019

JEWISH FAMILY AND CAREER SERVICES, INC.
AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Section I – Summary of Audit Results

Combined Financial Statements:

| | |
|---------------------------------|------------|
| Type of Auditor's Report Issued | Unmodified |
|---------------------------------|------------|

Internal Control over Financial Reporting:

- | | |
|--|------------|
| • Material weakness(es) identified? | No |
| • Significant deficiencies identified that are not considered to be material weaknesses? | None noted |

| | |
|--|----|
| Noncompliance material to combined financial statements noted? | No |
|--|----|

Federal Awards:

Internal control over major programs:

- | | |
|--|------------|
| • Material weakness(es) identified? | None noted |
| • Significant deficiencies identified that are not considered to be material weaknesses? | None noted |

| | |
|--|------------|
| Type of auditor's report issued on compliance for major programs | Unmodified |
|--|------------|

| | |
|--|----|
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? | No |
|--|----|

Identification of major programs:

| <u>Name</u> | <u>CFDA Number</u> |
|---------------------------------------|--------------------|
| WorkSource DeKalb – Adult | 17.258 |
| WorkSource DeKalb – Dislocated Worker | 17.278 |

| | |
|--|-----------|
| Dollar threshold to distinguish between Type A and B programs: | \$750,000 |
|--|-----------|

| | |
|--|----|
| Auditee qualified as a low-risk auditee? | No |
|--|----|

Section II – Financial Statement Findings

No findings to report in this section

Section III – Federal Award Findings and Questioned Costs

No findings to report in this section

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE

OTHER INFORMATION AS REQUIRED BY
THE STATE OF GEORGIA
DEPARTMENT OF HUMAN SERVICES
AND GRANTOR AGENCY



INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTAL INFORMATION

To the Board of Directors
of Jewish Family & Career Services, Inc. and Affiliate:

We have audited the accompanying combined financial statements (financial statements) of Jewish Family & Career Services, Inc. and Affiliate for the year ended June 30, 2019 and have issued our report thereon dated October 18, 2019 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The supplemental Schedule of State Contractual Assistance and Schedule of Other Contractual Assistance Reviewed During the Audit are presented for the purposes of additional analysis and are not required parts of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material aspects in relation to the financial statements as a whole.

Brooks, McGinnis & Company, LLC

Atlanta, Georgia
October 18, 2019

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE
SCHEDULE OF STATE CONTRACTUAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2019

| State Contract Number | Award | Expenditures | Cash Receipts | Due From State Agency | Contract Dates |
|---------------------------------------|-----------|--------------|------------------|-----------------------------|-------------------|
| Passed through Georgia | | | | | |
| Department of Community Health | | | | | |
| Georgia Charitable Care Network | \$ 30,000 | \$ 30,000 | \$ 27,249 | \$ 2,751 | 7/1/18-6/30/19 |

See Independent Auditor's Report on Other Information.

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE
SCHEDULE OF OTHER CONTRACTUAL ASSISTANCE
REVIEWED DURING THE AUDIT
FOR THE YEAR ENDED JUNE 30, 2019

Conference on Jewish Material Claims Against Germany, Inc.

Claims Conference In-Home Services Program

| Fund | Application Number | Award Amount | Expenditures | Contract Dates |
|---------------------------|-----------------------|-----------------|--------------|-----------------|
| 2018 Calendar Year Grant: | | | | |
| GG20 | 19411 | \$ 1,473,619 | \$ 1,473,619 | 1/1/18-12/31/18 |

During the performance of our audit procedures for the years ending June 30, 2019 and 2018, we determined that these funds were applied exclusively for the purposes for which they were granted during the contract dates of the grant.

Claims Conference In-Home Services Program

| Fund | Application Number | Award Amount | Expenditures | Contract Dates |
|---------------------------|-----------------------|-----------------|--------------|-----------------|
| 2019 Calendar Year Grant: | | | | |
| GG21 | 20103 | \$ 1,556,455 | \$ 846,361 | 1/1/19-12/31/19 |

During the performance of our audit procedures for the year ending June 30, 2019, we determined that these funds were applied exclusively for the purposes for which they were granted during the contract dates of the grant. Expenditures for the 2019 calendar year grants are for the first six months of the 2019 grant period.