Jewish Family Service of San Diego

Consolidated Financial Statements and Supplemental Information

Years Ended June 30, 2018 and 2017

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JEWISH FAMILY SERVICE OF SAN DIEGO

Consolidated Financial Statements and Supplemental Information

Years Ended June 30, 2018 and 2017

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Aldrich CPAs + Advisors LLP
7676 Hazard Center Drive, #1300
San Diego, California 92108

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Jewish Family Service of San Diego
San Diego, California

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Jewish Family Service of San Diego (a nonprofit organization), which are comprised of the consolidated statements of financial position as of June 30, 2018 and 2017, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jewish Family Service of San Diego as of June 30, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated 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*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating statements of financial position and consolidating statements of activities are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 February 8, 2019 on our consideration of Jewish Family Service of San Diego'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 Jewish Family Service of San Diego's internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
February 8, 2019

JEWISH FAMILY SERVICE OF SAN DIEGO

Consolidated Statements of Financial Position

June 30, 2018 and 2017

		2018		2017
ASSETS				
Cash	$	2,680,505	$	3,032,892
Accounts Receivable, net of allowance for doubtful accounts of $98,291 (2018) and $55,849 (2017) (Note 2)		1,678,945		1,410,079
Grants and Contracts Receivable (Note 3)		2,301,429		1,883,796
Unconditional Promises to Give, net (Note 4)		1,857,802		1,568,401
Investments (Note 5)		8,792,901		8,884,863
Loans Receivable, net of allowance of $478 (2018 and 2017)		75,881		51,601
Prepaid Expenses and Other Assets		514,705		418,978
Intangible Assets (Note 6)		313,304		-
Land, Buildings, and Equipment, net (Note 7)		16,495,304		16,671,953
Beneficial Interests in Endowment Funds (Note 8)		9,480,557		9,220,450
Total Assets	$	44,191,333	$	43,143,013
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable	$	829,215	$	860,549
Line of credit		50,000		-
Accrued expenses		3,258,296		2,759,907
Unearned revenue (Note 2)		190,181		245,204
Notes payable (Note 9)		1,012,669		2,036,258
Related party note payable		-		17,121
Deferred compensation (Note 10)		386,421		367,498
Total Liabilities		5,726,782		6,286,537
Net Assets:				
Unrestricted:				
Operating		20,098,229		18,509,767
Board designated		7,644,940		8,030,333
Total Unrestricted		27,743,169		26,540,100
Temporarily restricted		6,027,012		5,624,006
Permanently restricted		4,694,370		4,692,370
Total Net Assets		38,464,551		36,856,476
Total Liabilities and Net Assets	$	44,191,333	$	43,143,013

See accompanying notes to consolidated financial statements.

JEWISH FAMILY SERVICE OF SAN DIEGO

Consolidated Statement of Activities

Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue:				
Charitable auto sales and fees	$ 10,001,865	$ -	$ -	$ 10,001,865
Grants and contracts	8,952,047	-	-	8,952,047
Contributions	5,585,725	2,054,996	2,000	7,642,721
Investment return	622,095	571,209	-	1,193,304
Program revenue	1,045,542	-	-	1,045,542
Fees and other revenue	121,670	-	-	121,670
Net assets released from restrictions	2,223,199	(2,223,199)	-	-
Total Support and Revenue	28,552,143	403,006	2,000	28,957,149
Expenses:				
Program Services:				
Jewish Family Service	15,950,612	-	-	15,950,612
Charitable Adult Rides & Services, Inc.	3,958,259	-	-	3,958,259
Capital City Auto Auction	1,514,317	-	-	1,514,317
Charitable Auto Resources, Inc.	23,214	-	-	23,214
Total Program Services	21,446,402	-	-	21,446,402
Supporting Services:				
General and administrative	1,732,197	-	-	1,732,197
Fundraising	4,170,475	-	-	4,170,475
Total Supporting Services	5,902,672	-	-	5,902,672
Total Expenses	27,349,074	-	-	27,349,074
Change in Net Assets	1,203,069	403,006	2,000	1,608,075
Net Assets, beginning	26,540,100	5,624,006	4,692,370	36,856,476
Net Assets, ending	$ 27,743,169	$ 6,027,012	$ 4,694,370	$ 38,464,551

JEWISH FAMILY SERVICE OF SAN DIEGO

Consolidated Statement of Activities

Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue:				
Charitable auto sales and fees	$ 6,874,655	$ -	$ -	$ 6,874,655
Grants and contracts	10,181,931	-	-	10,181,931
Contributions	4,289,278	1,727,084	1,000,850	7,017,212
Investment return	1,008,804	775,879	-	1,784,683
Program revenue	1,037,611	-	-	1,037,611
Fees and other revenue	116,387	-	-	116,387
Net assets released from restrictions	1,809,106	(1,793,326)	(15,780)	-
Total Support and Revenue	25,317,772	709,637	985,070	27,012,479
Expenses:				
Program Services:				
Jewish Family Service	15,854,448	-	-	15,854,448
Charitable Adult Rides & Services, Inc.	3,032,957	-	-	3,032,957
Capital City Auto Auction	478,837	-	-	478,837
Charitable Auto Resources, Inc.	29,428	-	-	29,428
Total Program Services	19,395,670	-	-	19,395,670
Supporting Services:				
General and administrative	1,744,606	-	-	1,744,606
Fundraising	3,058,445	-	-	3,058,445
Total Supporting Services	4,803,051	-	-	4,803,051
Total Expenses	24,198,721	-	-	24,198,721
Change in Net Assets	1,119,051	709,637	985,070	2,813,758
Net Assets, beginning	25,421,049	4,914,369	3,707,300	34,042,718
Net Assets, ending	$ 26,540,100	$ 5,624,006	$ 4,692,370	$ 36,856,476

JEWISH FAMILY SERVICE OF SAN DIEGO

Consolidated Statement of Functional Expenses

Year Ended June 30, 2018

	Program Services	General and Administrative	Fundraising	Total Expense
Salaries and Related Expenses:				
Salaries and wages	$ 10,339,332	$ 757,613	$ 1,877,888	$ 12,974,833
Payroll taxes	849,478	57,619	146,687	1,053,784
Employee benefits	1,605,052	24,389	269,249	1,898,690
Total Salaries and Related Expenses	12,793,862	839,621	2,293,824	15,927,307
Nonsalary Related Expenses:				
Advertising and promotion	372,224	1,033	126,046	499,303
Bad debts (recoveries)	(44,388)	10,000	28,653	(5,735)
Bank fees and payroll processing	110,934	18,330	49,789	179,053
Computer software	167,217	7,316	41,660	216,193
Consultants	39,315	106,158	9,270	154,743
Contributions	42,621	-	-	42,621
Depreciation and amortization	771,882	35,342	199,407	1,006,631
Emergency assistance	738,101	558	-	738,659
Equipment rental	368,034	13,366	29,069	410,469
Fundraising	6,852	2	180,153	187,007
Holocaust home care	641,160	-	-	641,160
Insurance	172,431	167,671	14,965	355,067
Interest	4,290	30,913	2,213	37,416
Legal, accounting and audit	56,862	48,175	1,685	106,722
Memberships and subscriptions	37,303	22,556	12,750	72,609
Miscellaneous	55,067	19,583	11,225	85,875
Office and computer supplies	144,745	5,210	18,609	168,564
Postage	45,733	3,287	16,642	65,662
Printing	44,956	2,430	71,327	118,713
Professional fees	1,067,982	296,746	506,226	1,870,954
Program	1,137,564	5,845	1,114	1,144,523
Property and other taxes	52,970	7,001	11,017	70,988
Rent	746,567	15,952	30,201	792,720
Repairs and maintenance	266,380	12,283	39,069	317,732
Staff development	68,707	18,994	120,664	208,365
Subcontractor fees	443,762	-	-	443,762
Telephone	409,858	13,779	68,302	491,939
Transportation	216,261	831	922	218,014
Travel and entertainment	354,161	24,984	273,004	652,149
Utilities	112,989	4,231	12,669	129,889
Total Nonsalary Related Expenses	8,652,540	892,576	1,876,651	11,421,767
Total Functional Expenses	$ 21,446,402	$ 1,732,197	$ 4,170,475	$ 27,349,074

JEWISH FAMILY SERVICE OF SAN DIEGO

Consolidated Statement of Functional Expenses

Year Ended June 30, 2017

	Program Services	General and Administrative	Fundraising	Total Expense
Salaries and Related Expenses:				
Salaries and wages	$ 9,921,251	$ 647,655	$ 1,571,866	$ 12,140,772
Payroll taxes	818,840	62,028	131,611	1,012,479
Employee benefits	1,402,028	79,221	192,385	1,673,634
Total Salaries and Related Expenses	12,142,119	788,904	1,895,862	14,826,885
Nonsalary Related Expenses:				
Advertising and promotion	295,708	2,861	103,050	401,619
Bad debts (recoveries)	47,440	1,452	(33,971)	14,921
Bank fees and payroll processing	96,281	15,196	23,355	134,832
Computer software	156,873	8,837	21,772	187,482
Conferences and meetings	4,646	1,549	24,780	30,975
Consultants	135,413	-	11,997	147,410
Depreciation	725,857	31,404	125,451	882,712
Emergency assistance	938,887	8,384	2	947,273
Equipment rental	275,440	12,475	24,427	312,342
Fundraising	1,538	-	11,345	12,883
Holocaust home care	433,243	-	-	433,243
Insurance	161,809	169,251	6,276	337,336
Interest	276	80,269	-	80,545
Legal, accounting and audit	31,087	48,455	2,257	81,799
Memberships and subscriptions	25,840	50,637	7,145	83,622
Miscellaneous	72,772	10,146	6,168	89,086
Office and computer supplies	107,071	9,113	14,710	130,894
Postage	40,177	4,843	21,342	66,362
Printing	54,312	3,179	59,132	116,623
Professional fees	633,875	390,011	412,961	1,436,847
Program	889,407	173	2,281	891,861
Property and other taxes	13,802	6,512	4,047	24,361
Rent	643,695	22,608	34,531	700,834
Repairs and maintenance	184,554	7,731	18,897	211,182
Staff development	87,864	23,062	5,514	116,440
Subcontractor fees	250,731	-	-	250,731
Telephone	262,009	16,109	35,063	313,181
Transportation	216,710	2,609	2,053	221,372
Travel and entertainment	292,845	22,613	206,157	521,615
Utilities	173,389	6,223	11,841	191,453
Total Nonsalary Related Expenses	7,253,551	955,702	1,162,583	9,371,836
Total Functional Expenses	$ 19,395,670	$ 1,744,606	$ 3,058,445	$ 24,198,721

JEWISH FAMILY SERVICE OF SAN DIEGO

Consolidated Statements of Cash Flows

Years Ended June 30, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities:		
Change in net assets	$ 1,608,075	$ 2,813,758
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,006,630	882,712
Bad debt allowance	(5,735)	14,921
Loss on disposal of property	47,650	-
Net unrealized gain on investments	(509,363)	(1,352,325)
Noncash contribution of vehicles	(165,515)	-
Contributions restricted to long-term purposes	(2,000)	(1,000,850)
Changes in operating assets and liabilities:		
Accounts receivable, net	(268,866)	(326,774)
Grants and contracts receivable	(417,633)	123,880
Prepaid expenses and other assets	(95,727)	(107,210)
Unconditional promises to give, net	(283,666)	298,619
Loans receivable, net	(24,280)	(24,226)
Accounts payable	(31,334)	102,056
Accrued expenses	498,389	345,672
Unearned revenue	(55,023)	(60,086)
Net Cash Provided by Operating Activities	1,301,602	1,710,147
Cash Flows from Investing Activities:		
Purchase of investments	(663,098)	(712,909)
Sales of investments	976,114	2,413,828
Purchase of intangible assets	(94,874)	-
Purchase of land, buildings, and equipment	(663,546)	(623,776)
Distributions from beneficial interest	513,543	477,255
Contributions invested in beneficial interest	(466,418)	(1,398,286)
Net Cash Provided (Used) by Investing Activities	(398,279)	156,112
Cash Flows from Financing Activities:		
Proceeds from contributions restricted for endowment	2,000	1,000,850
Net borrowing on the line of credit	50,000	-
Payments on notes payable	(1,307,710)	(2,010,216)
Proceeds from note payable	-	26,695
Net Cash Used by Financing Activities	(1,255,710)	(982,671)
Net Increase (Decrease) in Cash	(352,387)	883,588
Cash, beginning	3,032,892	2,149,304
Cash, ending	$ 2,680,505	$ 3,032,892
Noncash Activities:		
Purchase of intangible assets with short-term financing	$ 267,000	$ -
Purchase of equipment with long -term financing	$ -	$ 36,900
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	$ 37,416	$ 86,263

See accompanying notes to consolidated financial statements.

Note 1 - Organization

Jewish Family Service of San Diego (JFS) is a California 501(c)(3) nonprofit organization founded in 1918 by a consortium of women's clubs who sought to address the myriad of human needs of the time. Today, JFS is a comprehensive human service organization with ten locations throughout San Diego County and two facilities serving the Coachella Valley along with forty-three Housing and Urban Development (HUD) apartments. From its early grassroots origins, the agency now serves over 25,000 people annually.

Jewish Family Service of San Diego is a client-centered, impact-driven organization. Our mission is to build a stronger, healthier, more resilient community by empowering individuals and families to move toward self-sufficiency, supporting aging with dignity, and fostering community connection and engagement.

JFS Foundation, LLC (Foundation), a California 501(c)(3) nonprofit, is a wholly owned subsidiary of JFS and was organized on March 28, 2006. The Foundation was formed to raise funds for JFS through "The Building on a Tradition of Caring Capital Campaign" with a goal to fund the purchase and renovation of the headquarters building and endowing a portion of Older Adult Services.

JFS Holdings, LLC (Holdings), a California 501(c)(3) nonprofit, is a wholly owned subsidiary of JFS and was organized on March 28, 2006. Holdings was formed to acquire and renovate the headquarters building.

8788 Balboa Avenue, LLC (Balboa), a California 501(c)(3) nonprofit, is a wholly owned subsidiary of JFS and was organized on December 7, 2012. Balboa was formed to acquire and renovate the 8788 Balboa Avenue building.

Charitable Auto Resources, Inc. (CARS) is a wholly owned subsidiary of JFS and was incorporated in Delaware on October 14, 2003 as a for-profit corporation. CARS is a service-orientated car donation management company based in San Diego, California. CARS accepts car donations in all 50 states and the District of Columbia. CARS is dedicated to helping nonprofit organizations raise funds through successful car donation programs.

Charitable Adult Rides & Services, Inc. (CARS Nonprofit) is a wholly owned subsidiary of JFS and was incorporated in California as a nonprofit public benefit corporation on December 21, 2010. The specific purpose of CARS Nonprofit is to serve the transportation needs of older adults who are unable to drive, through shuttles, group transportation, excursions, taxi script, volunteer driver programs, car donations to provide transportation and fund the program, and to assist other charities' fundraising efforts through vehicle donation programs.

Capital City Auto Auction, Inc. (CCAA) is a wholly owned subsidiary of CARS Nonprofit and was incorporated in California on May 27, 2016 as a for-profit corporation. CCCA auctions donated vehicles to dealers and the public in the Sacramento, California metropolitan area. The vehicles CCCA auctions are primarily assigned to it for sale by CARS Nonprofit through its relationships managing other nonprofits' vehicle donation programs.

The seven entities listed above are consolidated as of and for the years ended June 30, 2018 and 2017, they will be referred to as the "Organization".

For ten consecutive years, JFS has been awarded a 4-Star rating by Charity Navigator in recognition of the agency's ability to effectively manage and grow its resources and to execute its mission in an exemplary fiscal manner. Nationally, only 1% of all charities rated have achieved this "exceptional" rating for ten consecutive years, distinguishing JFS as a responsible steward of the public trust.

Note 1 - Organization, continued

JFS programs include:

SELF-SUFFICIENCY

Breast Cancer Case Management - Breast Cancer Case Management (BCCM) works with clients to increase access to resources to support the physical, mental, financial, and social wellbeing during all stages of diagnosis, treatment, and recovery. The only program of its kind in San Diego County, BCCM utilizes an intensive medical case management model. The case manager meets with women in the comfort of their own homes to provide emotional support, resource coordination, financial assistance, and help navigating the healthcare system throughout the course of treatment. Women with adequate support services already in place are able to access financial support services to help address the economic impact of a breast cancer diagnosis and to ensure that they and their families can weather the financial impact of treatment and recovery.

Community Case Management – Community Case Management (CCM) provides critical assistance to individuals and families in crisis to help them improve their standard of living, prevent reoccurring crises, and increase self-sufficiency. CCM Case Managers work in partnership with clients to strengthen their skills for financial stability as well as their emotional, physical, social, and spiritual health by developing personalized action plans to address financial challenges, mental health and medical issues, lack of support systems, and other basic needs. CCM provides emergency food, financial assistance, and referrals for housing, legal, and health resources, if needed, and works closely with other JFS services, including Hand Up Food Pantry, Counseling, Employment and Career Services, and Aging & Wellness Services.

Clinical Counseling – JFS provides individual and group counseling for teens, adults, couples, and families. Our therapists specialize in working with people suffering from mood and anxiety disorders, survivors of violence, and older adults with challenges related to the aging process. Therapists work in partnership with clients to strengthen coping skills, build strategies to overcome disorders such as depression and anxiety, and increase self-sufficiency. Clinical Counseling at JFS increases psychological well-being and supports individual resilience throughout the lifespan. Clinical Counseling works closely with other JFS programs, such as Community Case Management, Employment and Career Services, and Aging & Wellness Services, to remove practical barriers to treatment and to increase independence.

Desert Vista Permanent Supportive Housing - Desert Vista Permanent Supportive Housing is the only program of its kind in the Coachella Valley, specifically targeting the chronically homeless and individuals with disabilities, and provides both housing and intensive support to permanently disabled, homeless individuals in Riverside County. Clients go directly from the streets and emergency shelters into JFS Desert Vista and Desert Horizon apartments located in the Western Coachella Valley. The Desert Vista and Desert Horizon sites have a combined capacity to serve up to nearly sixty chronically homeless men and women. The program's purpose is to provide permanent housing and comprehensive services to men and women whose homelessness is exacerbated by a range of barriers to remaining in independent housing.

Employment & Career Services - Employment & Career Services (ECS) assists unemployed and underemployed individuals in San Diego County through its newly developed Career Kick-Start program. Career Kick-Start provides comprehensive job search assistance, including employment case management, job referrals, and access to networking opportunities. Career Kick Start provides the tools to find meaningful and fulfilling employment that leads to self-sufficiency. ECS also operates the federally funded Senior Community Service Employment Program (SCSEP) in San Diego County, providing community training placements and support to older workers with barriers to employment. SCSEP serves men and women 55 years old or older who have a family income at or below 125% of the federal poverty level. These clients have low employment prospects due to significant barriers in their lives, such as homelessness, intergenerational poverty, medical conditions, and disabilities.

Note 1 - Organization, continued

SELF-SUFFICIENCY, continued
Family Connections – Family Connections combines the services of Supporting Jewish Single Parents (SJSP) and Jewish BIGPals. SJSP parents connect to other Jewish single parents and learn how to access vital community resources through networking, emotional and financial support, and advocacy. SJSP strengthens participants' sense of belonging to the Jewish community. Big Pals are caring adults who mentor children ages 6-16 from non-traditional or single-parent families. Big Pals help their Little Pals develop self-esteem, Jewish identity, and build lasting relationships that can change their perspective on the world.

Girls Give Back – Teenage girls who participate in the Girls Give Back (GGB) program increase their leadership skills, resilience, self-confidence, and connection to the community by planning service projects that give back to San Diego in a positive way. Girls Give Back teens participate in leadership development training over the summer, a daylong team-building retreat in the fall, and monthly meetings throughout the academic year. They learn about women's issues, meet with local leaders, and engage in advocacy, community outreach, event planning, and mentorship of younger girls to create positive social change for women and girls across San Diego.

Hand Up Food Pantry Holiday Program – San Diegans facing hunger come to the Hand Up Food Pantry for nutritious food and other resources that alleviate their hunger, lower their stress levels, and help them to prepare healthy meals for themselves and their families. To help our clients celebrate important holidays in a dignified manner, the Hand Up Food Pantry Holiday Program provides holiday-specific food items, like turkey and cranberries, around Thanksgiving. Holiday packages are provided to people who receive support from all JFS programs, including Geriatric Care Management, Community Case Management, Project SARAH, Foodmobile, Refugee Resettlement and Immigration Services, the Positive Parenting Program, and Family Connections.

Hand Up Teen Leadership Program – The teen participants in the Hand Up Teen Leadership Program improve their leadership skills, increase their confidence and resilience, identify as positive agents for change, build their awareness about the issues of hunger and food insecurity in San Diego, and increase their ability to assume leadership roles in the community.

The teens advance the work of the Hand Up Food Pantry, which distributes supplemental food and hygiene items to thousands of people in need across San Diego County. Hand Up teen leaders supervise volunteers in the food pantry and at military food distributions, deliver community educational presentations on food insecurity, raise funds, and participate in advocacy work to alleviate hunger.

Hand Up Food Pantry – San Diegans facing hunger come to the Hand Up Food Pantry for nutritious food and other resources that alleviate their hunger, lower their stress levels, and help them to prepare healthy meals for themselves and their families. Along with food, staff provide valuable referrals to community resources as well as to JFS services, so clients can get the help they need to become more self-sufficient and food secure. With an emphasis on fresh produce and healthy food options, Hand Up distributes food at the Client Choice Pantry at its Kearny Mesa campus, at the College Avenue Social & Wellness Center, at St. Paul's Cathedral, Murphy Canyon Military Housing, Camp Pendleton, and Chabad of Downtown, as well as via the JFS Foodmobile.

The Hand Up program provides supplemental food to anyone in need in San Diego County. Those served come from a wide array of backgrounds and life experiences. Among clients are older adults living on fixed incomes, chronically and temporarily homeless individuals, families facing financial crises due to job loss or unexpected expenses, military families who have difficulty making ends meet in the San Diego economy, newly-arrived refugees, single parents with low incomes, people rebuilding their lives after leaving domestic violence situations, and individuals living with disabilities and chronic health conditions. Hand Up is one of the largest local pantries delivering food and hygiene items to active duty military families with low incomes.

Note 1 - Organization, continued

SELF-SUFFICIENCY, continued

Hand Up Loans – Clients can receive interest-free loans of up to $7,500, to fund activities such as higher education, enhanced business opportunities, transportation, and financial management to support long-term self-sufficiency through JFS's partnership with Jewish Free Loan Association, Los Angeles.

Immigration Services – Widely recognized as a trusted provider in the community, JFS Immigration Services provide low income individuals and families with high-quality legal representation for a nominal fee. Immigration Services staff help clients identify and apply for available immigration benefits, such as citizenship, permanent residency or work eligibility. This helps them gain greater protection for themselves and their families, build self-sufficiency, and increase their civic engagement. The program connects clients to additional services according to their needs; last fiscal year, these included Refugee Resettlement, the Hand Up Food Pantry, Breast Cancer Case Management, Project SARAH (Stop Abusive Relationships At Home), and Access JFS. Immigration Services staff also work to combat the unauthorized practice of immigration law (UPIL) by delivering educational presentations to increase public awareness.

Intensive Psychiatric Case Management – The Intensive Psychiatric Case Management (IPCM) program connects Jewish adults with a serious mental illness to JFS case managers to focus on stabilization, socialization and overall functioning. IPCM is the only program in San Diego County that provides up to two hours a week of individualized support at the client's home or a location of his or her choice. JFS case managers establish long-term, goal-oriented, positive relationships that assist clients in developing better coping skills, and independent living strategies. The case manager's ongoing assessment, advocacy, referrals, coordination of services, and supportive intervention maximizes each client's ability to function. This empowering relationship encourages long-term stabilization by offering consistent human connection.

Ladies Leadership Program – The Ladies' Leadership Program (LLP) aims to transform the lives of underserved young women who participate in this year-long, afterschool program at Stanley E. Foster School of Engineering, Innovation, and Design (EID) at Kearny High School. Girls account for just one quarter of the student body at EID. This program was designed to empower this group of underrepresented students to thrive as campus and community leaders. The program helps develop and increase academic knowledge, life skills, resilience, self-esteem, self-efficacy, positive peer relationships, and leadership abilities, to improve the likelihood of career success in STEM fields (Science, Technology, Engineering, and Mathematics).

Patient Advocacy – The Patient Advocacy program ensures that facilities providing treatment to clients understand and safeguard the rights of their clients. Services are free to clients and include representing clients at hearings; advising minors regarding their rights; investigating complaints regarding rights violations, neglect, abuse, and/or breaches of confidentiality; and consultation and training to San Diego County Behavioral Health Services. These services have resulted in many positive changes to County and hospital policies and procedures. Patient Advocacy serves mental health clients throughout San Diego County who are in 24-hour licensed residential facilities, inpatient settings, board and care facilities, selected skilled nursing facilities, crisis houses, and long-term care facilities. Many clients are low income and are receiving public benefits, such as SSI, Medicare, Medi-Cal and County Medical Services; some clients are homeless.

Positive Parenting Program – The Positive Parenting Program (PPP) uses an evidence-based curriculum from Triple P, shown by more than 30 years of research to be effective for the prevention and early intervention of childhood social and emotional disorders. The program provides free parent education in English and Spanish at 133 Head Start preschools, elementary schools, and other sites across the county. The free childcare, incentives and healthy snacks PPP provides helps reduce barriers to attendance for the families with low incomes that are the focus of the program. Three-, six- and eight-week classes help parents and professionals learn how to use simple and practical strategies to foster resilience, independence, respect, and cooperation in children.

Note 1 - Organization, continued

SELF-SUFFICIENCY, continued
Project SARAH – Project SARAH (Stop Abusive Relationships At Home) empowers survivors of domestic violence to take control of their lives. Project SARAH provides practical solutions, including access to community resources, emotional support, and advocacy to obtain physical protections, such as restraining orders and access to emergency shelters. Clients develop personalized safety plans that outline safety for children and for themselves while living with an abusive partner; and learn problem-solving skills that can lead toward an individualized exit strategy. Counselors and case managers partner with clients to share vital safety information regarding women's health, as well as economic and housing resources to facilitate independence. JFS domestic violence support groups empower clients to choose healthy relationships, identify abusive patterns, and develop assertiveness in communication, boundary setting, and self-esteem.

Refugee Resettlement Program – JFS has provided resettlement services to newly-arriving refugees from around the world who have fled their homes in fear of persecution for almost 100 years. Refugee Resettlement Services assist individuals and families each month to adapt to their new homes in the U.S. and achieve economic self-sufficiency and social integration. JFS strives to create a network of services that link and coordinate assistance from institutions and agencies that provide medical, psycho-social, employment, educational, and support for individuals in need of such assistance.

Safe Parking Program -- The Safe Parking Program provides a safe and welcoming environment for unsheltered families and individuals living in their cars, many of whom have recently found themselves homeless for the first time. JFS understands that a vehicle is often a family's last asset, allowing them to access resources, look for employment, or get to and from work and school.

Focused on stopping the downward spiral of homelessness, the Safe Parking Program provides more than a dependable place to park at night. The program includes supportive services to help individuals and families stabilize and transition back into permanent housing. The Safe Parking Program operates seven nights per week at two secured lots on Balboa Avenue and Aero Drive.

AGING WITH DIGNITY
Geriatric Care Management – The Geriatric Care Management (GCM) program provides older adults and their caregivers with a better quality of life through improved management of their health needs, and enhanced support systems. To maximize independence and enhance clients' ability to age with dignity, GCM's trained geriatric specialists coordinate medical care, provide transportation, assist with paperwork, advocate, and link clients to community and agency resources.

JFS Fix-It Service – The JFS Fix-It Service helps older adults in San Diego County age with dignity by enabling them to live independently and safely in their homes. The program significantly eases the burden for unpaid caregivers — spouses, family members, and friends — who all want to help their loved ones continue to live in familiar environments as they age. Services are provided by dedicated, screened, and trained volunteers who conduct free four-point safety checks, minor home-safety repair, and modifications. JFS Fix-It Service provides all labor and repairs free of charge through the work of volunteers, and a grant from the County of San Diego Aging & Independence Services.

Nutrition Services – JFS Nutrition Services produce and deliver kosher meals throughout San Diego County. The meals help older adults, and younger adults with disabilities (aged 18 and over), to age with dignity, maintain their independence, and continue living in their own homes. Meals are served at JFS Social & Wellness Centers and are also delivered to clients' homes through JFS Foodmobile. Trained drivers and volunteers conduct a wellness check and report any concerns to the Foodmobile Coordinator. Complimentary groceries and pet food supplied by the JFS Hand Up Food Pantry are available monthly. With Nutrition Services support, older adults and younger adults with disabilities not only increase their access to nutritious foods, they also improve their independence and experience reduced isolation.

Note 1 - Organization, continued

AGING WITH DIGNITY, continued
On the Go – On the Go: Transportation Solutions for Older Adults offers shuttle service, excursions, Rides & Smiles®, On the Go Silver, and taxi scrip. Shuttles provide group transportation to JFS's Social & Wellness Centers, shopping, errands, cultural events and religious services. Excursions provide group transportation to destinations such as the theater, museums, and tours of San Diego. Rides & Smiles®, an award-winning and internationally-recognized service, offers individual rides provided primarily by volunteers using their own cars. On the Go Silver is a premium fee-based service that accommodates individual riders' door-to-door needs and group transportation. The taxi scrip program fills gaps in service not met by other On the Go offerings. On the Go meets seniors' basic transportation needs, decreases isolation, and increases community connections. A total of 1,796 individuals over the age of 60 are enrolled in On the Go. On the Go is a program of Charitable Adult Rides and Services (CARS) and is operated by Jewish Family Service of San Diego.

Social Wellness Centers – The College Avenue Center is a Social and Wellness Center that provides drop-in programming for active older adults in central San Diego. The Center offers learning opportunities, exercise, Judaic programming, nutritious meals, and socialization. The Center offers information and support about the aging process, assistance accessing social services, and companionship, recreation, and community connection – all of which are proven to prevent isolation, maintain health, and support independent living at home.

Serving Older Survivors – Serving Older Survivors (SOS) has been addressing the needs of San Diegans who suffered so much during the Holocaust. The goals of SOS are to decrease survivors' emotional distress, maximize their independence, and increase their community connections. SOS provides geriatric care management services, including assessments, care plans, consultations, advocacy, coordination, emotional support, help with care in the home, as well as direct financial assistance.

Balboa Avenue Older Adult Center – The Balboa Ave Older Adult Center (BAOAC) operates four days per week. The Center offers a variety of activities designed to provide support to frail older adults, their caregivers, and their families. BAOAC is a haven for those who have been diagnosed with Alzheimer's disease or dementia, are recently widowed, or have become socially isolated.

COMMUNITY CONNECTION AND ENGAGEMENT
Embrace-a-Family – Each year individuals, families, service and faith-based community groups, and businesses donate new holiday gifts to the Embrace-a-Family program to help ensure that families unable to purchase them have gifts for the holidays. This program offers the community a meaningful way to make the holiday season a little brighter for families struggling to make ends meet.

Volunteer Engagement – Newly certified as a Service Enterprise for its effective and strategic engagement of volunteers, JFS is committed to leveraging volunteer talents at all levels of the agency. The Volunteer Engagement Department supports the agency by recruiting and retaining volunteer skills and talent. With more than 1,000 volunteers, JFS is dedicated to creating meaningful volunteer opportunities for people in search of better lives and for those seeking to make better lives possible.

Note 2 - Significant Accounting Policies

Principles of Consolidation
The consolidated financial statements include the accounts of Jewish Family Service of San Diego, JFS Foundation, LLC, JFS Holdings, LLC, 8788 Balboa Avenue, LLC, Charitable Auto Resources, Inc., Charitable Adult Rides & Services, Inc., and Capital City Auto Auction, Inc. Intercompany balances and transactions have been eliminated in consolidation.

Note 2 - Significant Accounting Policies, continued

Financial Statement Presentation
The consolidated financial statements present information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

> Unrestricted net assets - Net assets not subject to donor imposed stipulations. Within this category are amounts that have been designated for specific purposes by the board of directors. These assets can be re-designated by a vote of the board of the directors.
>
> Temporarily restricted net assets - Net assets subject to donor imposed stipulations that will be met by actions of the Organization and/or the passage of time. When a donor stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.
>
> Permanently restricted net assets - Net assets subject to donor imposed stipulations requiring that they be maintained permanently by the Organization. The income from these assets is available for either general operations or specific programs as specified by the donor.

Estimates
The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties
The Organization invests in various types of investment securities which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated statements of financial position.

Accounts Receivable
Accounts receivable arise in the normal course of business. The allowance for uncollectible receivables is the Organization's best estimate of the amount of probable losses in existing accounts receivable. The Organization determines the allowance based on historical write-off experience and current information. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Unconditional Promises to Give
Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor imposed restrictions, if any, on the contributions. The allowance for unconditional promises to give is determined based on historical experience and management's evaluation of outstanding unconditional promises to give.

Investments
Realized and unrealized gains and losses are included in the change in net assets in the consolidated statements of activities. Unrealized gains and losses are included in the consolidated statements of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Note 2 - Significant Accounting Policies, continued

Fair Value of Financial Instruments
Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.

Level 3 inputs are unobservable inputs for the investment.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

As a practical expedient, certain financial instruments may be valued using net asset value (NAV) per share. NAV is the amount of net assets attributable to each share of a pool investment at the end of the period.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018 and 2017.

Mutual funds and fixed income: Valued at the closing price reported on the active market on which the individual securities are traded.

Investment trusts: Reported at fair value based on the fair value of the underlying assets in the trust as reported by the custodian.

The State of Israel Bonds: Reported at the face value of the bonds, which approximates fair value.

The Organization's financial instruments, none of which are held for trading purposes, include cash, receivables, accounts payable, and notes payable. The Organization estimates that the fair value of all of these non-derivative financial instruments at June 30, 2018 and 2017 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying consolidated statements of financial position.

Intangible Assets
Intangible assets consist of a customer list and goodwill. The customer list was purchased from another car donation company. The customer list is being amortized using a straight-line method over the estimated useful life of 7 years. The goodwill is the excess cost over the estimated value of the customer list. Goodwill is not amortized but is tested for impairment on an annual basis, or when triggering events occur. In management's opinion, there has been no impairment to the value of recorded goodwill during the year ended June 30, 2018.

Note 2 - Significant Accounting Policies, continued

Land, Buildings, Equipment and Software

The Organization capitalizes all expenditures in excess of $10,000 for land, buildings, equipment and software at cost, while donations of land, buildings and equipment are recorded at their estimated fair values. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Buildings and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

Building and improvements	5 - 25 years
Furniture and equipment	5 - 7 years
Vehicles	5 years

Software is amortized using the straight-line method over the estimated useful lives ranging from 3 to 7 years. Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of land, buildings or equipment, the asset account is reduced by the cost and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

Revenue Recognition

Grants and Contracts - Grant and contract revenue are recognized in the period in which the related work is performed in accordance with the terms of the grant or contract. Grants receivable are recorded when revenue earned under a grant or contract exceeds the cash received. Unearned revenue is recorded when cash received under a grant or contract exceeds the revenue earned. No allowance for doubtful accounts has been recorded as management believes that all amounts are collectible.

Contributions - Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports that support as unrestricted.

Donated Services - The Organization utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the consolidated financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Functional Allocation of Expenses

Expenses by function have been allocated by program and supporting services classifications on the basis of internal records and estimates made by the Organization’s management.

Income Taxes

JFS, the Foundation, Holdings, Balboa, and CARS Nonprofit are public charities and are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Foundation, Holdings, and Balboa are considered disregarded entities for income tax purposes and are included in the income tax returns filed by JFS. JFS and CARS Nonprofit believe that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the consolidated financial statements.

Note 2 - Significant Accounting Policies, continued

CARS is a Delaware corporation subject to federal and state income taxes on its net earnings. Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of current taxes totaling payments of $0 and $800 for the years ended June 30, 2018 and 2017, respectively. Prepaid income taxes totaled $0 and $800 at June 30, 2018 and 2017, respectively.

Capital City Auto Auction is a California corporation subject to federal and state income taxes on its net earnings. As this is a calendar year company, no taxes are due as of June 30, 2018.

Advertising
The Organization expenses the cost of advertising as incurred.

Reclassification
Certain reclassifications have been made to the 2017 financial statement presentation to correspond to the current year's format. The functional expense presentation was changed to show each major program separately and the allocation of expenses was reclassified to correspond with the current year presentation. There was no change to ending expenses or the change in net assets as a result of these reclassifications.

Note 3 - Grants and Contracts Receivable

Grants and contracts receivable consist of the following at June 30:

	2018	2017
Conference on Jewish Material Claims Against Germany, Inc.	$ 743,793	$ 367,687
County of San Diego	478,148	627,493
County of Riverside	276,163	206,216
San Diego Association of Governments	246,717	288,522
City of San Diego	210,492	27,500
California Department of Social Services	137,845	37,459
Alzheimer's Disease Initiative	51,923	21,964
Hebrew Immigrant Aid Society	40,817	103,426
Department of Homeland Security	34,783	34,349
Catholic Charities	30,096	35,283
Napa County Office of Education	28,902	10,411
Grossmont Healthcare District	20,000	-
City of Palm Springs	1,750	5,556
Coachella Valley Assoc of Governments	-	101,354
South Bay Community Services	-	16,576
Total Grants and Contracts Receivable	$ 2,301,429	$ 1,883,796

Note 4 - Unconditional Promises to Give

Unconditional promises to give consist of the following at June 30:

	2018	2017
Due in less than one year	$ 1,406,948	$ 1,353,381
Due in one to five years	468,285	232,117
	1,875,233	1,585,498
Less: Discount to present value (rates between 1.37% and 3.69%)	(11,431)	(11,097)
Less: Allowance for doubtful accounts	(6,000)	(6,000)
Total	$ 1,857,802	$ 1,568,401

Note 5 - Investments

The Organization has an investment committee that has established an investment policy. It is the Organization's policy to diversify all investment portfolios. The investment committee reviews and evaluates the risk within the investment portfolios, nevertheless, those portions of the investment portfolios consisting of holdings in equity securities and debt instruments are exposed to market price volatility in the stock and bond markets and are therefore, inherently at risk.

The Organization maintains its investments at JCF and in State of Israel Bonds. The funds held at JCF are invested in investment pools or are held as cash until invested in an investment pool.

The Short Term Pool is a cash equivalent pool that seeks principal preservation by investing in certificates of deposit, securities issued or guaranteed by the U.S. government and other cash equivalents. The Mid Term Pool invests 20% in domestic and international equities, 75% in fixed income, and 5% in real assets. The Long Term Pool invests 55% in domestic and international equities, 38% in fixed income and 7% in real assets consisting of REITS and/or commodities. The Endowment Pool invests 50% in domestic and international equities, 10% in fixed income, 10% in real assets consisting of private real estate, REITS and/or commodities and 30% in multi-strategy investments including fund of funds investments.

Note 5 - Investments, continued

The following table summarizes assets measured at fair value by classifications within the fair value hierarchy as of June 30:

	Assets at Fair Value as of June 30, 2018				
	Level 1	Level 2	Level 3	NAV	Total
Cash	$ 17,088	$ -	$ -	$ -	$ 17,088
Fixed income	37,003	-	-	-	37,003
Mutual funds:					
Small blend	33,290	-	-	-	33,290
Large blend	14,520	-	-	-	14,520
Commodities ETF	9,616	-	-	-	9,616
Large value ETF	30,863	-	-	-	30,863
Small growth ETF	20,730	-	-	-	20,730
Diversified Emerging Market	1,850	-	-	-	1,850
Investment trusts	-	16,964	-	-	16,964
Short term pool	-	-	-	756,085	756,085
Mid term pool	-	-	-	121,344	121,344
Long term pool	-	-	-	7,026,081	7,026,081
Endowment pool	-	-	-	707,467	707,467
	$ 164,960	$ 16,964	$ -	$ 8,610,977	$ 8,792,901

	Assets at Fair Value as of June 30, 2017				
	Level 1	Level 2	Level 3	NAV	Total
Cash	$ 16,332	$ -	$ -	$ -	$ 16,332
Fixed income	24,517	-	-	-	24,517
Mutual funds:					
Small blend	21,859	-	-	-	21,859
Large blend	8,481	-	-	-	8,481
Commodities ETF	9,552	-	-	-	9,552
Large value ETF	20,281	-	-	-	20,281
Small growth ETF	17,735	-	-	-	17,735
Investment trusts	-	15,156	-	-	15,156
Short term pool	-	-	-	765,103	765,103
Mid term pool	-	-	-	137,229	137,229
Long term pool	-	-	-	7,467,719	7,467,719
Endowment pool	-	-	-	379,899	379,899
State of Israel bonds	-	-	-	1,000	1,000
	$ 118,757	$ 15,156	$ -	$ 8,750,950	$ 8,884,863

Note 5 - Investments, continued

The following table summarizes investment return as of June 30:

	2018	2017
Dividends and interest	$ 595,419	$ 333,784
Unrealized gains	509,363	1,352,325
Realized gains (losses)	194,042	197,946
Investment fees	(105,520)	(99,372)
	$ 1,193,304	$ 1,784,683

Note 6 - Intangible Assets

Intangible assets consist of goodwill of $21,875 and the following as of June 30:

	2018	2017
Customer list	$ 340,000	$ -
Accumulated amortization	(48,571)	-
	$ 291,429	$ -

Amortization expense was $48,571 for the year ended June 30, 2018.

Future amortization expense of the customer list as of June 30, 2018 is as follows:

Years Ended June 30,	
2019	$ 48,571
2020	48,571
2021	48,571
2022	48,571
2023	48,571
Thereafter	48,574
	$ 291,429

Note 7 - Land, Buildings, and Equipment

Land, buildings, and equipment consists of the following at June 30:

	2018	2017
Land	$ 4,023,335	$ 4,023,335
Buildings and Improvements	13,072,151	13,052,380
Furniture and Equipment	2,126,505	1,993,721
Software	1,453,702	826,433
Vehicles	413,675	252,061
Leasehold Improvements	11,111	11,111
	21,100,479	20,159,041
Accumulated Depreciation and Amortization	(4,713,610)	(3,925,816)
Land, Buildings, and Equipment, net of depreciation	16,386,869	16,233,225
Construction in Progress	108,435	438,728
Total Land, Buildings, and Equipment, net of depreciation	$ 16,495,304	$ 16,671,953

Note 8 - Beneficial Interests in Endowment Funds

The Organization has a beneficial interest in assets held at Comerica Bank, JCF, and JFS Foundation. Under the terms of the agreement, JCF will make regular distributions to JFS as determined by the JFS board of directors.

The following table summarizes assets measured at fair value by classifications within the fair value hierarchy:

	Assets at Fair Value as of June 30, 2018				
	Level 1	Level 2	Level 3	NAV	Total
Cash and money market	$ 2,427	$ -	$ -	$ -	$ 2,427
Equity	55,221	-	-	-	55,221
Mutual funds	26,815	-	-	-	26,815
Fixed income	45,565	-	-	-	45,565
Endowment pool	-	-	-	9,229,293	9,229,293
Long-term pool	-	-	-	121,236	121,236
	$ 130,028	$ -	$ -	$ 9,350,529	$ 9,480,557

	Assets at Fair Value as of June 30, 2017				
	Level 1	Level 2	Level 3	NAV	Total
Cash and money market	$ 5,000	$ -	$ -	$ -	5,000
Equity	41,465	-	-	-	41,465
Mutual funds	44,303	-	-	-	44,303
Fixed income	40,051	-	-	-	40,051
Endowment pool	-	-	-	8,977,343	8,977,343
Long-term pool	-	-	-	112,288	112,288
	$ 130,819	$ -	$ -	$ 9,089,631	9,220,450

Note 9 - Notes Payable

Notes payable consists of the following at June 30:

	2018	2017
Note payable to City National Bank used for construction that was converted to a note as of June 30, 2016. Interest payable monthly at 2.65% on the first $1,600,000 and 4.50% on the second $2,400,000, due March 31, 2019	$ 785,000	$ 2,000,000
Note payable for the purchase of a customer list payable requiring four quarterly payments of $22,500, the fourth one due July 1, 2018. The remaining balance of $177,000 is payable over the next 8 quarters calculated at 26% of net revenue from the car donation sales from the customers on the list. This portion is not guaranteed to the seller.	199,500	-
Note payable for the purchase of equipment, payable in monthly installments of $918, including interest at 8.95%, due May 2021.	28,169	36,258
	$ 1,012,669	$ 2,036,258

Future maturities of the notes payable as of June 30, 2018 are as follows:

Years Ending June 30,	
2019	$ 816,344
2020	9,670
2021	9,655
Variable payment amount	177,000
	$ 1,012,669

The City National Bank notes payable contains certain covenants one of which is audited financial statements submitted within 150 days of year end. The Organization obtained a waiver for this covenant.

Note 10 - Deferred Compensation

JFS has deferred compensation agreements with a former and current executive employee. The plan provides for annual contributions to investment accounts held at various financial institutions, set aside for this purpose. Contributions totaled $46,918 and $38,154 for the years ended June 30, 2018 and 2017, respectively and are included in employee benefits in the consolidated statements of functional expenses. The accumulated deferred compensation payable due as of June 30, 2018 and 2017 is included in the consolidated statements of financial position.

Note 11 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30:

	2018	2017
Grants and Contributions with Time and Purpose Restrictions	$ 5,020,137	$ 4,909,934
Time Restricted Promises to Give	186,363	38,037
Unappropriated Endowment Earnings	672,665	528,188
Hebrew Free Loan Assistance (HFLA)	147,847	147,847
	$ 6,027,012	$ 5,624,006

Note 12 - Endowment Net Assets

The Organization's endowment consists of individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions. The Organization holds and manages the general endowment fund, with the remaining funds held and managed by others.

JFS Managed Funds
The Organization has interpreted the enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as preserving the fair value of the original gift as of the gift date of the donor- restricted endowment funds while supporting operational needs. As a result of this interpretation, the Organization classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment (2) the original value of subsequent gifts donated to the permanent endowment (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, 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

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were two funds with such deficiencies as of June 30, 2018 and three as of June 30, 2017.

The Organization has adopted investment and spending policies for endowment funds that:

1. Protect the invested assets
2. Preserve spending capacity of the fund income
3. Maintain a diversified portfolio of assets that meet investment return objectives while keeping risk at a minimal level
4. Comply with applicable laws

Note 12 - Endowment Net Assets, continued

The Organization's endowment funds are invested at JCF in a portfolio of equity and debt securities which is structured for long-term total return. The Organization's spending policy is to disburse funds available in accordance with donor restrictions to meet the current program needs of the Organization.

Beneficial Interests in Endowment Funds
The beneficial interests are held by JFS Foundation, invested in JCF, and Comerica Bank, and are managed in accordance with UPMIFA. The investment objectives are to maintain the purchasing power (real value) of the endowment funds. However, from time to time, the fair value of the assets in the endowment fund may fall below the level that the donors require be retained as a fund of perpetual duration.

JFS classifies permanently restricted net assets held by JFS Foundation and Comerica Bank as:

1. The original value of gifts donated to the fund
2. The original value of the Organization's funds transferred to the fund
3. The original value of subsequent gifts donated to the fund
4. Investment income and realized and unrealized gains and losses on investments
5. Distributions from the fund in accordance with the spending policy

JFS Foundation and Comerica Bank have adopted investment and spending policies for endowment funds that:

1. Protect the invested assets
2. Preserve spending capacity of the fund income
3. Maintain a diversified portfolio of assets that meet investment return objectives while keeping risk at a moderate level
4. Comply with applicable laws

JFS Foundation endowment funds are invested in JCF in a portfolio of equity and debt securities which is structured for long-term total return. The endowment funds held at Comerica Bank are invested in a balanced portfolio including cash and cash equivalents, equities and fixed income securities.

The Organization's spending policy is to disburse 5% annually, based upon endowment principal market value. If the market value of the Endowment Principal of any fund, at the end of each month, is less than the initial value of all contributions made to the Endowment Principal, then distributions will be limited to interest and dividends received. Given the recent market declines, many of JCF's endowment fund distributions will be limited. Comerica Bank's spending policy is to distribute 5% annually.

Endowment composition by type of fund as of June 30:

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Funds	$ (75,982)	$ 672,665	$ 4,694,370	$ 5,291,053
Board Designated Funds	4,581,775	-	-	4,581,775
	$ 4,505,793	$ 672,665	$ 4,694,370	$ 9,872,828

Note 12 - Endowment Net Assets, continued

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Funds	$ (73,844)	$ 528,188	$ 4,692,370	$ 5,146,714
Board Designated Funds	4,457,530	-	-	4,457,530
	$ 4,383,686	$ 528,188	$ 4,692,370	$ 9,604,244

Changes in endowment net assets are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets at June 30, 2016	$ 4,080,751	$ 297,708	$ 3,707,300	$ 8,085,759
Contributions	-	100	1,000,850	1,000,950
Investment income	448,642	429,307	-	877,949
Transfer for underwater endowments	82,530	-	-	82,530
Appropriation of endowment assets for expenditure	(228,237)	(198,927)	(15,780) *	(442,944)
Endowment Net Assets at June 30, 2017	4,383,686	528,188	4,692,370	9,604,244
Contributions	-	2,680	2,000	4,680
Investment income	348,235	375,180	-	723,415
Transfer for underwater endowments	(2,301)	-	-	(2,301)
Appropriation of endowment assets for expenditure	(223,827)	(233,383)	-	(457,210)
Endowment Net Assets at June 30, 2018	$ 4,505,793	$ 672,665	$ 4,694,370	$ 9,872,828

*Release of permanently restricted net assets is due to a write off an existing promise to give.

Note 13 - Retirement Plan

JFS has established a 401(k) retirement plan (Plan) covering all full-time and half-time employees. The Plan allows for employee contributions to the Plan up to the maximum amount allowed by the Internal Revenue Code if they wish beginning on their hire date. JFS made a 3% safe harbor contribution and a discretionary match for the year ended June 30, 2018 and 2017. Employees are eligible to participate in JFS's contribution if they are 21 years of age and have completed 1 year of service and 975 hours of service during the Plan year. The Organization contributed $324,193 and $283,546 to plan for the years ended June 30, 2018 and 2017, respectively.

Note 14 - Commitments

Facility Operating Leases
JFS leases office facilities under lease agreements expiring through fiscal year 2022. Rent expense totaled $498,865 and $492,527 for the years ended June 30, 2018 and 2017, respectively.

CARS and CARS Nonprofit leased office facilities under a lease agreements that expire in fiscal year 2024. Rent expense totaled $166,210 and $161,586 for the years ended June 30, 2018 and 2017, respectively.

CCAA rents land and buildings on a month-to-month basis. For the years ended June 30, 2018 and 2017 rent expense totaled $127,645 and $46,721, respectively. The general manager for CCAA has a 21.4% interest in APG Properties, LLC that CCAA rented property on a month-to-month basis prior to opening their new facility in January of 2018. The new facility is also owned by APG Properties, LLC. Additionally, the general manager has a 33.33% undivided interest in RAA Property Partnership. CCAA rents vacant land used by the auction from this entity.

The following is a schedule of future minimum lease payments under the leases as of June 30, 2018:

Years Ending June 30,		
2019	$	568,751
2020		485,286
2021		427,649
2022		428,869
2023		318,339
Thereafter		34,572
	$	2,263,466

Note 15 - Concentrations

The Organization maintains bank accounts which may exceed depository insurance limits and therefore expose the Organization to credit risk. The Organization restricts its cash deposits to financial institutions which are members of the FDIC, insured up to a limit of $250,000 per depositor. The Organization had uninsured cash of $2,668,522 and $3,175,850 at June 30, 2018 and 2017, respectively.

For the year ended June 30, 2018 and 2017, grants receivable from four agencies comprised 76% and 79%, respectively, of the total balance. Grant revenue from three agencies during the year ended June 30, 2018 comprised 54% of grant revenue and 4 agencies comprised 62% for the year ended June 30, 2017. Contributions from one donor comprised 10% and three donors comprised 46% of all contributions for the years ended June 30, 2018 and 2017, respectively.

Note 16 - Related Party

The General Manager for CCCA has a 21.4% interest in APG Properties, LLC which is the company from whom CCCA rented property on a month-to-month basis prior to opening their new facility in the last month. The new facility is also owned by APG Properties, LLC. Additionally, the General Manager has a 33.33% undivided interest in RAA Property Partnership. CCCA currently rents vacant land that is used by the auction house from this entity.

As of June 30, 2017 there was also an outstanding payable due to the General Manager for $17,121.

Note 17 – Subsequent Event

Through December 31, 2018, the fair market value of the Organization's investments has declined in value by approximately $1,100,000. Due to current inherent uncertainties in the U.S. financial markets, it is at least reasonably possible that further changes in the near term would materially affect investment amounts reported in future consolidated financial statements.

REPORTS AND SCHEDULES REQUIRED BY UNIFORM GUIDANCE,
AUDITS OF STATES, LOCAL GOVERNMENTS AND NONPROFIT ORGANIZATIONS

Aldrich CPAs + Advisors LLP
7676 Hazard Center Drive, #1300
San Diego, California 92108

INDEPENDENT AUDITORS' 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 Service of San Diego

We have audited, in accordance with the auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards* issues by the Comptroller General of the United States, the consolidated financial statements of Jewish Family Service of San Diego (a nonprofit organization), which are comprised of the consolidated statement of financial position as of June 30, 2018, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 8, 2019.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered Jewish Family Service of San Diego'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jewish Family Service of San Diego's internal control. Accordingly, we do not express an opinion on the effectiveness of Jewish Family Service of San Diego'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002 that we consider to be significant deficiencies.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether Jewish Family Service of San Diego's consolidated 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 audits, 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*.

Jewish Family Service of San Diego's Response to Finding
Jewish Family Service of San Diego's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Jewish Family Service of San Diego's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Jewish Family Service of San Diego's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing* Standards in considering Jewish Family Service of San Diego's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

San Diego, California
February 8, 2019

Aldrich CPAs + Advisors LLP
7676 Hazard Center Drive, #1300
San Diego, California 92108

INDEPENDENT AUDITORS' 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 Service of San Diego

Report on Compliance for Each Major Federal Program
We have audited Jewish Family Service of San Diego's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Jewish Family Service of San Diego's major federal program for the year ended June 30, 2018. Jewish Family Service of San Diego's major federal program is identified in the summary of auditors' 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.

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for Jewish Family Service of San Diego's major federal program 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 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 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 Jewish Family Service of San Diego's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Jewish Family Service of San Diego's compliance.

Opinion on Each Major Federal Program
In our opinion, Jewish Family Service of San Diego 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, 2018.

Report on Internal Control over Compliance
Management of Jewish Family Service of San Diego 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 Jewish Family Service of San Diego's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with 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 Jewish Family Service of San Diego's internal control over compliance.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED

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 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 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.

Aldrich CPAs + Advisors LLP

San Diego, California
February 8, 2019

JEWISH FAMILY SERVICE OF SAN DIEGO

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2018

Federal Grants/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Passed through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development			
Pass-through Program From:			
Community Development Block Grants/Entitlement Grants:			
Cathedral City	14.218	$ -	$ 10,000
Continuum of Care Program:			
Riverside County Department of Public Social Service	14.267	-	1,162,544
Total U.S. Department of Housing and Urban Development		-	1,172,544
U.S. Department of Labor			
Pass-through Program From:			
Senior Community Service Employment Program:			
County of San Diego	17.235	-	372,797
Total U.S. Department of Labor		-	372,797
U.S. Department of State			
Pass-through Program From:			
U.S. Refugee Admissions Program:			
Hebrew Immigrant Aid Society	19.510	-	265,600
Hebrew Immigrant Aid Society	19.610	-	110,160
Total U.S. Department of State		-	375,760
U.S. Department of Transportation:			
Pass-through Program From:			
Enhanced Mobility of Seniors and Individuals with Disabilities:			
San Diego Association of Governments	20.513	-	304,649
Total U.S. Department of Transportation		-	304,649
U.S. Department of Health and Human Services:			
Aging Cluster:			
Pass-Through Program From:			
Special Programs for the Aging, Title III, Part B,			
Grants for Supportive Services and Senior Centers:			
County of San Diego	93.044	-	23,966
County of San Diego	93.045	-	199,212

JEWISH FAMILY SERVICE OF SAN DIEGO

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2018

Federal Grants/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Passed through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services, continued:			
Aging Cluster:			
Pass-Through Program From:			
Nutrition Services Incentive Program:			
County of San Diego	93.053	-	31,675
Total Aging Cluster		-	254,853
Pass-Through Programs From:			
National Family Caregiver Support, Title III, Part E:			
County of San Diego	93.052	-	108,463
Refugee and Entrant Assistance, Discretionary Grants:			
Hebrew Immigrant Aid Society	93.576	-	240,098
Refugee and Entrant Assistance, Targeted Assistance Grants:			
Catholic Charities	93.584	-	237,012
Alzheimer's Disease Initiative: Specialized Supportive Services Project	93.763	-	285,686
Total U.S. Department of Health and Human Services		-	871,259
Corporation of National and Community Service			
Pass-Through Programs From:			
AmeriCorps:			
Napa County Office of Education	94.006	-	164,073
Total Corporation of National and Community Service		-	164,073
U.S. Department of Homeland Security			
Citizenship Education and Training	97.010	-	159,860
Total U.S. Department of Homeland Security		-	159,860
Total Expenditures of Federal Awards		$ -	$ 3,675,795

See independent auditors' report and note to schedule of expenditures of federal awards.

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of Jewish Family Service of San Diego under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Jewish Family Service of San Diego, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Jewish Family Service of San Diego.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-122, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

Jewish Family Service of San Diego does not use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance

Section I - Summary of Auditors' Results

Consolidated Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Significant deficiency(ies) identified?	_X_ yes ____ none identified
Material weakness(es) identified?	___ yes _X_ no
Noncompliance material to the consolidated financial statements noted?	____ yes _X_ no

Federal Awards

Internal control over major programs:	
Significant deficiency(ies) identified?	____ yes _X_ none identified
Material weakness(es) identified?	____ yes _X_ no
Type of auditors' 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)?	____ yes _X_ no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.267	Continuum of Care Program
17.235	Senior Community Service Employment Program

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as a low-risk auditee?	___ yes _X_ no

Section II - Financial Statement Findings

2018-001 Repeat Finding 2017-003

Criteria: A company was started during fiscal year 2017 and there was no segregation of duties or review and monitoring performed over the cash receipts and disbursements.

Condition: During our testing of the new entity we noted that the general manager and one other staff member have access to the accounting system, reconcile the bank statements, and are signers on the bank account.

Questioned Costs: None.

Context: No one employee should have access to all areas of the accounting process. If this is necessary due to staffing limitations, there should be adequate oversight and monitoring to mitigate the control risk.

Effect:	This is considered a significant deficiency over financial reporting.
Recommendation:	We recommend that management review the accounting processes and procedures for this subsidiary and determine the controls that should be implemented to protect that assets of the company.
Response:	The ability of the company, Capital City Auto Auction, Inc., to have strict segregation of duties as it relates to cash receipts and disbursements was limited during the year ended June 30, 2017 by the company's staff size. Only six people were employed by the organization during the fiscal year and there was only as many as five employees at one time for the last two months of the fiscal year. The non-employee General Manager and a bookkeeper had access to the accounting system. After the company hired a bookkeeper in January 2018, the bank reconciliations were not performed by a person who was a signer on the bank account. Because of these limitations, the Controller of Charitable Adult Rides & Services reviewed bank transactions from the company on a daily basis and reviewed the financial statements of the company on a monthly basis. We will undertake a complete review of the company's accounting procedures and controls and will establish the greatest degree on segregation of duties possible while maintaining oversight and monitoring of the company's accounting.
2018-002	Repeat Finding 2016-001 and 2017-004
Criteria:	For two of the subsidiary organizations there is no segregation of duties related to journal entries and the reporting process. No one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.
Condition:	Due to staffing limitations there is no review of the financial information prepared for the subsidiary organizations to include a review of journal entries and reconciliations prepared by the Controller. The monthly financial reports are reviewed by the management team of the subsidiary regularly. The reports submitted for audit are also not reviewed by management prior to submission.
Questioned Costs:	None.
Context:	The Controller at Charitable Adult Rides & Services, Inc. and Charitable Auto Resources, Inc. initiates and posts journal entries and is responsible for all account reconciliations for financial reporting. Some of the details of the reconciliations are prepared by another staff member but the Controller has overall responsibility. There is currently no review or oversight performed that would mitigate this risk.
Effect:	This is considered to be a significant deficiency over financial reporting.
Recommendation:	We recommend that management review the current controls structure related to this finding and identify ways to improve the controls in the system, segregate the responsibilities or add oversight and review controls.
Response:	Staff size limitations have also prevented complete segregation of duties relating to journal entries for Charitable Adult Rides & Services, Inc. and Charitable Auto Resources, Inc. Until February of 2017, there were only two employees who created or approved any transactions in the accounting system, neither of which had access to any physical assets and the related accounting records. However, until that time, all journal entries were prepared and approved by the Controller. When the company hired a Staff Accountant in February of 2017, all daily journal entries were prepared by this employee and approved by the Controller although the Controller still prepared and approved all month-end journal entries. Since then a further review

of the internal control process was performed and tasks have been realigned and distributed among staff to accomplish proper segregation of duties. i.e. no journal entries are prepared, approved, and entered by the same employee.

Section III - Federal Award Findings and Questioned Costs

None

Prior Year Findings

2017-001

Condition: The Organization had controls in place to facilitate the review of internal financial information regularly and the audit schedules prior to submission to the auditor. In the current year there was significant turnover in the accounting team and the preparation of internal statements and the subsequent review by management was not completed timely and regularly. The schedules prepared for the audit were also prepared by a third party consultant and were not reviewed by management prior to submission to the auditors.

Current Status: There were no similar findings noted for the year ended June 30, 2018. The Organization has implemented controls to ensure proper review.

2017-002

Condition: Documentation of pay rates for employees should be retained in the employee payroll files.

Current Status: There were no similar findings noted for the year ended June 30, 2018. The Organization has implemented controls to ensure proper retention documents in the personnel files.

2017-003

Condition: A new company was started during this fiscal year and there is no segregation of duties or review and monitoring performed over the cash receipts and disbursements.

Current Status: Repeat finding 2018-001

2016-001 and 2017-004

Criteria: For two of the subsidiary organizations there is no segregation of duties related to journal entries and the reporting process. No one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Current Status: Repeat finding 2018-002

Jewish Family Service
Moving Forward Together

Corrective Action Plan

February 8, 2019

Jewish Family Service of San Diego (JFS) respectively submits the following corrective action plan for the year ended June 30, 2018.

Aldrich CPAs and Advisors LLP
7676 Hazard Center Drive, #1300
San Diego, California 92108

Audit Period: June 30, 2018

The findings from the June 30, 2018, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Financial Statement Findings

Reference Number: 2018-001 Segregation of Duties- Capital City Auto Auction, Inc.

Recommendation:

We recommend that for the company started in 2017, that management review the accounting processes and procedures for this subsidiary and determine the controls that should be implemented to protect the assets of the company.

Action Taken:

The ability of the company, Capital City Auto Auction, Inc., to have strict segregation of duties as it relates to cash receipts and disbursements was limited during the year ended June 30, 2017 by the company's staff size. Only six people were employed by the organization during the fiscal year and there was only as many as five employees at one time for the last two months of the fiscal year. The non-employee General Manager and a bookkeeper had access to the accounting system. After the company hired a bookkeeper in January 2018, the bank reconciliations were not performed by a person who was a signer on the bank account. Because of these limitations, the Controller of Charitable Adult Rides & Services reviewed bank transactions from the company on a daily basis and reviewed the financial statements of the company on a monthly basis. We will undertake a complete review of the company's accounting procedures and controls and will establish the greatest degree on segregation of duties possible while maintaining oversight and monitoring of the company's accounting.

JOAN & IRWIN JACOBS CAMPUS | Turk Family Center
8804 Balboa Avenue, San Diego, California 92123 Phone (858) 637-3000 Fax (858) 637-3001 jfssd.org

Reference Number: 2018-002 Segregation of Duties- Charitable Adult Rides & Services, Inc. and Charitable Auto Resources, Inc.

Recommendation:

We recommend that management review the current controls structure related to this finding and identify ways to improve the controls in the system, segregate the responsibilities or add oversight and review controls.

Action Taken:

Staff size limitations have also prevented complete segregation of duties relating to journal entries for Charitable Adult Rides & Services, Inc. and Charitable Auto Resources, Inc. (CARS collectively) Until February of 2017, there were only two employees who created or approved any transactions in the accounting system, neither of which had access to any physical assets and the related accounting records. However, until that time, all journal entries were prepared and approved by the Controller. When the company hired a Staff Accountant in February of 2017, all daily journal entries were prepared by this employee and approved by the Controller although the Controller still prepared and approved all month-end journal entries. Since then a further review of the internal control process was performed and tasks have been realigned and distributed among staff to accomplish proper segregation of duties. i.e. no journal entries are prepared, approved and entered by the same employee.

Sincerely yours,

BGriggs

Chief Financial Officer
Jewish Family Service of San Diego

SUPPLEMENTAL INFORMATION

JEWISH FAMILY SERVICE OF SAN DIEGO
Consolidating Schedule of Financial Position
June 30, 2018

	Jewish Family Service of San Diego	JFS Holdings, LLC	8788 Balboa Avenue, LLC	Charitable Adult Rides & Services, Inc.	Charitable Auto Resources, Inc.	Capital City Auto Auction	Eliminations	Consolidated
ASSETS								
Cash	$ 1,848,384	$ -	$ -	$ 591,274	$ 16,947	$ 223,900	$ -	$ 2,680,505
Accounts Receivable, net	127,116	-	-	1,551,829	-	-	-	1,678,945
Grants and Contracts Receivable	2,301,429	-	-	-	-	-	-	2,301,429
Unconditional Promises to Give, net	1,857,802	-	-	-	-	-	-	1,857,802
Investments	8,792,901	-	-	-	-	-	-	8,792,901
Loans Receivable, net	75,881	-	-	-	-	-	-	75,881
Prepaid Expenses and Other Assets	328,344	-	-	99,807	7,399	79,155	-	514,705
Intangible Assets	-	-	-	313,304	-	-	-	313,304
Intercompany Receivables	13,420,175	-	-	37,334	-	-	(13,457,509)	-
Investment in Subsidiaries	1,395,678	-	-	139,707	-	-	(1,535,385)	-
Land, Buildings, and Equipment, net	2,249,535	7,583,041	5,800,434	816,264	-	46,030	-	16,495,304
Beneficial Interests in Endowment Funds	9,480,557	-	-	-	-	-	-	9,480,557
Total Assets	$ 41,877,802	$ 7,583,041	$ 5,800,434	$ 3,549,519	$ 24,346	$ 349,085	$ (14,992,894)	$ 44,191,333
LIABILITIES AND NET ASSETS								
Liabilities:								
Accounts payable	$ 515,676	$ -	$ -	$ 312,987	$ 552	$ -	$ -	$ 829,215
Line of credit	50,000	-	-	-	-	-	-	50,000
Accrued expenses	1,485,973	-	-	1,623,260	5,190	143,873	-	3,258,296
Intercompany payables	-	7,583,041	5,800,434	36,700	-	37,334	(13,457,509)	-
Unearned revenue	190,181	-	-	-	-	-	-	190,181
Notes payable	785,000	-	-	199,500	-	28,169	-	1,012,669
Related party note payable	-	-	-	-	-	-	-	-
Deferred compensation	386,421	-	-	-	-	-	-	386,421
Total Liabilities	3,413,251	7,583,041	5,800,434	2,172,447	5,742	209,376	(13,457,509)	5,726,782
Net Assets:								
Unrestricted:								
Operating	20,098,229	-	-	1,377,072	18,604	139,709	(1,535,385)	20,098,229
Board Designated	7,644,940	-	-	-	-	-	-	7,644,940
Total Unrestricted	27,743,169	-	-	1,377,072	18,604	139,709	(1,535,385)	27,743,169
Temporarily restricted	6,027,012	-	-	-	-	-	-	6,027,012
Permanently restricted	4,694,370	-	-	-	-	-	-	4,694,370
Total Net Assets	38,464,551	-	-	1,377,072	18,604	139,709	(1,535,385)	38,464,551
Total Liabilities and Net Assets	$ 41,877,802	$ 7,583,041	$ 5,800,434	$ 3,549,519	$ 24,346	$ 349,085	$ (14,992,894)	$ 44,191,333

See independent auditors' report.

JEWISH FAMILY SERVICE OF SAN DIEGO

Consolidating Schedule of Financial Position

June 30, 2017

	Jewish Family Service of San Diego	JFS Holdings, LLC	8788 Balboa Avenue, LLC	Charitable Adult Rides & Services, Inc.	Charitable Auto Resources, Inc.	Capital City Auto Auction	Eliminations	Consolidated
ASSETS								
Cash	$ 2,246,048	$ -	$ -	$ 718,866	$ 31,908	$ 36,070	$ -	$ 3,032,892
Accounts Receivable, net	79,555	-	-	1,330,524	-	-	-	1,410,079
Grants and Contracts Receivable	1,883,796	-	-	-	-	-	-	1,883,796
Unconditional Promises to Give, net	1,568,401	-	-	-	-	-	-	1,568,401
Investments	8,884,863	-	-	-	-	-	-	8,884,863
Loans Receivable, net	51,601	-	-	-	-	-	-	51,601
Prepaid Expenses and Other Assets	248,605	-	-	126,598	7,181	36,594	-	418,978
Intercompany Receivables	13,932,210	-	-	14,513	-	-	(13,946,723)	-
Investment in Subsidiaries	860,370	-	-	55,994	-	-	(916,364)	-
Land, Buildings, and Equipment, net	2,315,677	7,881,453	5,967,156	452,835	5,713	49,119	-	16,671,953
Beneficial Interests in Endowment Funds	9,220,450	-	-	-	-	-	-	9,220,450
Total Assets	$ 41,291,576	$ 7,881,453	$ 5,967,156	$ 2,699,330	$ 44,802	$ 121,783	$ (14,863,087)	$ 43,143,013
LIABILITIES AND NET ASSETS								
Liabilities:								
Accounts payable	$ 496,542	$ -	$ -	$ 363,455	$ 552	$ -	$ -	$ 860,549
Accrued expenses	1,325,856	-	-	1,430,098	2,600	1,353	-	2,759,907
Intercompany payables	-	7,881,453	5,967,156	37,057	50,000	11,057	(13,946,723)	-
Unearned revenue	245,204	-	-	-	-	-	-	245,204
Notes payable	2,000,000	-	-	-	-	36,258	-	2,036,258
Related party note payable	-	-	-	-	-	17,121	-	17,121
Deferred compensation	367,498	-	-	-	-	-	-	367,498
Total Liabilities	4,435,100	7,881,453	5,967,156	1,830,610	53,152	65,789	(13,946,723)	6,286,537
Net Assets:								
Unrestricted:								
Operating	18,509,767	-	-	868,720	(8,350)	55,994	(916,364)	18,509,767
Board Designated	8,030,333	-	-	-	-	-	-	8,030,333
Total Unrestricted	26,540,100	-	-	868,720	(8,350)	55,994	(916,364)	26,540,100
Temporarily restricted	5,624,006	-	-	-	-	-	-	5,624,006
Total Net Assets	36,856,476	-	-	868,720	(8,350)	55,994	(916,364)	36,856,476
Total Liabilities and Net Assets	$ 41,291,576	$ 7,881,453	$ 5,967,156	$ 2,699,330	$ 44,802	$ 121,783	$ (14,863,087)	$ 43,143,013

See independent auditors' report.

JEWISH FAMILY SERVICE OF SAN DIEGO

Consolidating Schedule of Activities

Year Ended June 30, 2018

	Jewish Family Service of San Diego				Charitable Adult Rides & Services, Inc.	Charitable Auto Resources, Inc.	Capital City Auto Auction	Eliminations	Consolidated
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total					
Support and Revenue:									
Charitable auto sales and fees	$	$ -	$ -	$ -	$ 8,403,833	$ -	$ 1,598,032	$ -	$ 10,001,865
Grants and contracts	8,952,047	-	-	8,952,047	-	-	-	-	8,952,047
Contributions	5,735,725	2,054,996	2,000	7,792,721	-	-	-	(150,000)	7,642,721
Investment return	621,756	571,209	-	1,192,965	339	-	-	-	1,193,304
Program revenue	1,209,694	-	-	1,209,694	-	-	-	(164,152)	1,045,542
Fees and other revenue	119,046	-	-	119,046	6,390	168	-	(3,934)	121,670
Income from subsidiary	2,255,731	-	-	2,255,731	83,715	-	-	(2,339,446)	-
Net assets released from restrictions	2,223,199	(2,223,199)	-	-	-	-	-	-	-
Total Support and Revenue	21,117,198	403,006	2,000	21,522,204	8,494,277	168	1,598,032	(2,657,532)	28,957,149
Expenses:									
Program Services	15,950,612	-	-	15,950,612	5,897,149	23,214	1,514,317	(1,938,890)	21,446,402
Supporting Services:									
General and administrative	993,835	-	-	993,835	879,576	-	-	(141,214)	1,732,197
Fundraising	2,969,682	-	-	2,969,682	1,209,200	-	-	(8,407)	4,170,475
Total Supporting Services	3,963,517	-	-	3,963,517	2,088,776	-	-	(149,621)	5,902,672
Total Expenses	19,914,129	-	-	19,914,129	7,985,925	23,214	1,514,317	(2,088,511)	27,349,074
Change in Net Assets	1,203,069	403,006	2,000	1,608,075	508,352	(23,046)	83,715	(569,021)	1,608,075
Net Assets, beginning	26,540,100	5,624,006	4,692,370	36,856,476	868,720	(8,350)	55,994	(916,364)	36,856,476
Equity contribution	-	-	-	-	-	50,000	-	(50,000)	-
Net Assets, ending	$ 27,743,169	$ 6,027,012	$ 4,694,370	$ 38,464,551	$ 1,377,072	$ 18,604	$ 139,709	$ (1,535,385)	$ 38,464,551

JEWISH FAMILY SERVICE OF SAN DIEGO

Consolidating Schedule of Activities

Year Ended June 30, 2017

	Jewish Family Service of San Diego				Charitable	Charitable			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Adult Rides & Services, Inc.	Auto Resources, Inc.	Capital City Auto Auction	Eliminations	Consolidated
Support and Revenue:									
Charitable auto sales and fees	$ -	$ -	$ -	$ -	$ 6,346,830	$ -	$ 527,825	$ -	$ 6,874,655
Grants and contracts	10,138,421	-	-	10,138,421	43,510	-	-	-	10,181,931
Contributions	4,386,778	1,727,084	1,000,850	7,114,712	2,500	-	-	(100,000)	7,017,212
Investment return	1,008,719	775,879	-	1,784,598	85	-	-	-	1,784,683
Program revenue	1,203,953	-	-	1,203,953	-	-	-	(166,342)	1,037,611
Fees and other revenue	102,975	-	-	102,975	7,344	62	6,006	-	116,387
Income from subsidiary	1,404,136	-	-	1,404,136	54,994	-	-	(1,459,130)	-
Net assets released from restrictions	1,809,106	(1,793,326)	(15,780)	-	-	-	-	-	-
Total Support and Revenue	20,054,088	709,637	985,070	21,748,795	6,455,263	62	533,831	(1,725,472)	27,012,479
Expenses:									
Program Services	15,854,448	-	-	15,854,448	4,299,298	29,428	478,837	(1,266,341)	19,395,670
Supporting Services:									
General and administrative	981,810	-	-	981,810	762,796	-	-	-	1,744,606
Fundraising	2,098,779	-	-	2,098,779	959,666	-	-	-	3,058,445
Total Supporting Services	3,080,589	-	-	3,080,589	1,722,462	-	-	-	4,803,051
Total Expenses	18,935,037	-	-	18,935,037	6,021,760	29,428	478,837	(1,266,341)	24,198,721
Change in Net Assets	1,119,051	709,637	985,070	2,813,758	433,503	(29,366)	54,994	(459,131)	2,813,758
Net Assets, beginning	25,421,049	4,914,369	3,707,300	34,042,718	435,217	21,016	-	(456,233)	34,042,718
Net Assets, ending	$ 26,540,100	$ 5,624,006	$ 4,692,370	$ 36,856,476	$ 868,720	$ (8,350)	$ 54,994	$ (915,364)	$ 36,856,476