Jewish Family Service of San Diego

Consolidated Financial Statements and Supplemental Information

Year Ended June 30, 2019

Aldrich℠

JEWISH FAMILY SERVICE OF SAN DIEGO

Consolidated Financial Statements and Supplemental Information

Year Ended June 30, 2019

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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 statement of financial position as of June 30, 2019, 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.

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, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Our audit was 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 statement of financial position and consolidating statement 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 21, 2020 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.

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, Jewish Family Service of San Diego adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958); Presentation of Financial Statements for Not-for-Profit Entities* for the year ended June 30, 2019. Our opinion is not modified with respect to this matter.

Aldrich CPAs + Advisors LLP

San Diego, California
February 21, 2020

JEWISH FAMILY SERVICE OF SAN DIEGO

Consolidated Statement of Financial Position

June 30, 2019

ASSETS		
Cash	$	4,243,598
Accounts Receivable, net of allowance for doubtful accounts of $104,322		2,195,578
Grants and Contracts Receivable (Note 4)		4,380,975
Unconditional Promises to Give, net (Note 5)		6,226,535
Investments (Note 6)		10,111,733
Investment in KLA Holdings, LLC (Note 7)		69,346
Loans Receivable, net of allowance of $478		75,407
Prepaid Expenses and Other Assets		726,409
Intangible Assets (Note 8)		1,194,653
Land, Buildings, and Equipment, net (Note 9)		16,481,467
Beneficial Interests in Endowment Funds (Note 10)		9,278,091
Total Assets	$	54,983,792
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$	1,588,310
Line of credit		50,000
Accrued expenses		4,065,420
Unearned revenue (Note 2)		697,366
Notes payable (Note 11)		1,298,042
Related party note payable		20,000
Deferred compensation (Note 12)		401,245
Total Liabilities		8,120,383
Net Assets:		
Without donor restriction:		
Operating		25,079,919
Board designated		7,554,381
Total without donor restriction		32,634,300
With donor restriction		14,229,109
Total Net Assets		46,863,409
Total Liabilities and Net Assets	$	54,983,792

See accompanying notes to consolidated financial statements.

JEWISH FAMILY SERVICE OF SAN DIEGO

Consolidated Statement of Activities

Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Charitable auto sales and fees	$ 14,701,040	$ -	$ 14,701,040
Grants and contracts	16,094,190	-	16,094,190
Contributions	3,949,643	8,301,258	12,250,901
Investment return	567,447	196,745	764,192
Program revenue	1,203,073	-	1,203,073
Fees and other revenue	141,851	-	141,851
Net assets released from restrictions	2,010,119	(2,010,119)	-
Total Support and Revenue	38,667,363	6,487,884	45,155,247
Expenses:			
Program Services:			
Aging	5,436,844	-	5,436,844
Self-Sufficiency	13,393,058	-	13,393,058
Community Connections	1,549,094	-	1,549,094
Car Donation	8,702,053	-	8,702,053
Total Program Services	29,081,049	-	29,081,049
Supporting Services:			
General and administrative	3,504,537	-	3,504,537
Fundraising	4,170,803	-	4,170,803
Total Supporting Services	7,675,340	-	7,675,340
Total Expenses	36,756,389	-	36,756,389
Change in Net Assets	1,910,974	6,487,884	8,398,858
Net Assets, beginning	30,723,326	7,741,225	38,464,551
Net Assets, ending	$ 32,634,300	$ 14,229,109	$ 46,863,409

JEWISH FAMILY SERVICE OF SAN DIEGO

Consolidated Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services							
	Aging	Self-Sufficiency	Community Connections	Car Donation	Total Program	General and Administrative	Fundraising	Total Expense
Salaries and Related Expenses:								
Salaries and wages	$ 2,147,921	$ 5,833,801	$ 954,618	$ 3,227,103	$ 12,163,443	$ 1,684,873	$ 1,923,613	$ 15,771,929
Payroll taxes	173,088	465,072	74,250	271,917	984,327	144,757	145,980	1,275,064
Employee benefits	426,240	980,420	105,245	433,667	1,945,572	150,511	218,587	2,314,670
Total Salaries and Related Expenses	2,747,249	7,279,293	1,134,113	3,932,687	15,093,342	1,980,141	2,288,180	19,361,663
Nonsalary Related Expenses:								
Advertising and promotion	9,660	4,236	7,610	402,788	424,294	22,626	188,443	635,363
Bad debts	952	3,595	15,000	-	19,547	-	8,793	28,340
Bank fees and payroll processing	8,763	7,593	2,211	102,366	120,933	90,460	32,626	244,019
Conferences and meetings	-	-	-	-	-	-	22,777	22,777
Consultants	-	-	-	73,435	73,435	104,285	18,176	195,896
Contributions	-	-	-	8,606	8,606	-	-	8,606
Depreciation and amortization	206,882	391,901	76,046	178,852	853,681	75,859	260,158	1,189,698
Emergency assistance	116,552	897,756	7,008	-	1,021,316	-	-	1,021,316
Equipment rental and expense	64,268	410,934	14,322	3,394	492,918	29,476	24,919	547,313
Fundraising	-	-	-	-	-	9,406	17,811	27,217
Holocaust home care	949,155	-	-	-	949,155	-	-	949,155
Insurance	53,154	112,731	14,181	15,606	195,672	209,610	11,152	416,434
Interest expense	-	3,389	-	7,231	10,620	23,433	-	34,053
Legal, accounting and audit	3,500	1,450	-	25,397	30,347	95,852	3,037	129,236
Memberships/subscriptions	19,674	49,254	3,487	4,112	76,527	36,065	10,825	123,417
Miscellaneous	5,248	17,651	11,488	50,434	84,821	25,481	10,742	121,044
Office and computer supplies	45,373	167,396	62,228	89,436	364,433	34,889	94,215	493,537
Postage	4,500	12,114	955	24,751	42,320	4,008	17,708	64,036
Printing	16,506	31,115	7,733	6,063	61,417	5,274	71,154	137,845
Professional fees	280,713	720,504	83,388	443,980	1,528,585	563,784	616,603	2,708,972
Program expenses	355,543	657,925	22,756	1,712,687	2,748,911	1,283	6,457	2,756,651
Property and other taxes	-	3,916	106	122,781	126,803	7,513	3,219	137,535
Rent	53,930	781,480	18,951	392,351	1,246,712	21,626	36,908	1,305,246
Repairs and maintenance	44,433	347,044	12,905	148,466	552,848	29,020	46,188	628,056
Staff development	11,538	84,623	758	16,135	113,054	47,818	59,618	220,490
Subcontractor fees	78,030	881,800	11,549	552,859	1,524,238	18,016	14,438	1,556,692
Telephone	68,238	145,704	9,214	204,199	427,355	18,591	63,259	509,205
Transportation service	157,840	54,876	72	5,003	217,791	1,385	1,921	221,097
Travel and entertainment	116,702	163,600	27,947	131,038	439,287	44,191	229,068	712,546
Utilities	18,441	161,178	5,066	47,396	232,081	4,445	12,408	248,934
Total Nonsalary Related Expenses	2,689,595	6,113,765	414,981	4,769,366	13,987,707	1,524,396	1,882,623	17,394,726
Total Functional Expenses	$ 5,436,844	$ 13,393,058	$ 1,549,094	$ 8,702,053	$ 29,081,049	$ 3,504,537	$ 4,170,803	$ 36,756,389

See accompanying notes to consolidated financial statements.

JEWISH FAMILY SERVICE OF SAN DIEGO

Consolidated Statements of Cash Flows

Year Ended June 30, 2019

Cash Flows from Operating Activities:		
Change in net assets	$	8,398,858
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization		1,189,698
Bad debt allowance		28,340
Loss on disposal of property		50,356
Noncash write off of asset		55,827
Net unrealized gain on investments		(212,667)
Noncash contribution of vehicles		(350,266)
Contributions restricted to long-term purposes		(500)
Changes in operating assets and liabilities:		
Accounts receivable, net		(516,633)
Grants and contracts receivable		(2,079,546)
Prepaid expenses and other assets		(211,704)
Unconditional promises to give, net		(4,397,073)
Loans receivable, net		474
Accounts payable		759,095
Accrued expenses		807,124
Unearned revenue		507,185
Deferred compensation		6,000
Net Cash Provided by Operating Activities		4,034,568
Cash Flows from Investing Activities:		
Purchase of investments		(1,614,050)
Sales of investments		497,404
Purchase of land, buildings, and equipment		(622,013)
Distributions from beneficial interest		525,855
Contributions invested in beneficial interest		(429,257)
Net Cash Used by Investing Activities		(1,642,061)
Cash Flows from Financing Activities:		
Proceeds from contributions restricted for endowment		500
Issuance of related party note payable		20,000
Payments on notes payable		(858,446)
Proceeds from note payable		8,532
Net Cash Used by Financing Activities		(829,414)
Net Increase in Cash		1,563,093
Cash, beginning		2,680,505
Cash, ending	$	4,243,598
Noncash Activities:		
Purchase of intangible assets with long-term financing	$	991,468
Purchase of equipment with long -term financing	$	143,819
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	$	34,053

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 sixty-five Housing and Urban Development (HUD) apartments. From its early grassroots origins, the agency now serves over 40,000 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.

Hand Up Lending, LLC (HUL), is a wholly owned subsidiary of JFS and was organized on July 27, 2015. HUL was formed to assist individuals with challenged credit to build, repair, and support their sufficiency in line with the overall JFS mission.

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 was a service-oriented car donation management company based in San Diego, California, but has not engaged in any new business activities since the year ended June 30, 2015.

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. CCAA auctions donated vehicles to dealers and the public in the Sacramento, California metropolitan area. The vehicles CCAA auctions are primarily assigned to it for sale by CARS Nonprofit through its relationships managing other nonprofits' vehicle donation programs.

Charitable Auto Recycling, Inc. (Recycling) is a wholly owned subsidiary of CARS Nonprofit and was incorporated in California on July 12, 2018 as a for-profit corporation. Recycling auctions donated vehicles to dealers and the public in the Austin, Texas metropolitan area. A significant portion of the vehicles Recycling auctions are assigned for sale by CARS Nonprofit through its relationships managing other nonprofits' vehicle donation programs.

The nine entities listed above are consolidated as of and for the year ended June 30, 2019, and they will be referred to as the "Organization".

Note 1 - Organization, continued

For eleven 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 eleven consecutive years, distinguishing JFS as a responsible steward of the public trust.

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.

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.

Note 1 - Organization, continued

SELF-SUFFICIENCY, continued
Hand Up Teen Leadership Program – The teen participants in the Hand Up Teen Leadership Program improve their leadership skills, increase their self-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. They learn about community issues, meet with local leaders, and engage in advocacy, community outreach, event planning, and mentorship of younger teens to create positive social change for teens across San Diego.

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 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 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.

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.

Note 1 - Organization, continued

SELF-SUFFICIENCY, continued
Shelter for Asylum Seeking Families – Beginning in October 2018, JFS opened an emergency shelter to serve families seeking asylum. As of June 30, 2019, the shelter has served 17,064 individuals. The shelter provides basic services including food, clothing, and shelter, in addition to case management and legal services.

San Diego Rapid Response Network – Formed in late 2016, the Rapid Response Network is a coalition of organizations from a variety of sectors that share the goal of coordinating resources for individuals impacted by immigration policies. JFS is the fiscal agent for the coalition.

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 139 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. The program offers single workshops, individual and group sessions to 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 –Transportation Solutions for Older Adults offers shuttle service, excursions, Rides & Smiles®, Navigator, 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. Navigator offers on-demand transportation anywhere in San Diego County using car-sharing services. 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 2,434 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, Hand Up Lending, LLC, 8788 Balboa Avenue, LLC, Charitable Auto Resources, Inc., Charitable Adult Rides & Services, Inc., Capital City Auto Auction, Inc, and Charitable Auto Recycling, Inc. Intercompany balances and transactions have been eliminated in consolidation.

Note 2 - Significant Accounting Policies, continued

New Accounting Pronouncement
The Organization adopted ASU No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the consolidated financial statements and notes about not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include presentation of two classes of net assets versus the previously required three, recognition of underwater endowment funds as a reduction in net assets with donor restrictions, as well as enhanced disclosures for board designated amounts, compositions of net assets without donor restrictions, liquidity, and expenses by both their nature and functional classification. The Organization has adjusted the presentation of these statements accordingly. The reclassifications considered necessary to net assets as a result of the change in the reporting standard are summarized as follows:

	ASU 2016-14 Classifications		
	Without donor restrictions	With donor restrictions	Total Net Assets
As previously presented:			
Unrestricted	$ 27,743,169	$ -	$ 27,743,169
Temporarily Restricted	-	6,027,012	6,027,012
Permanently Restricted	-	4,694,370	4,694,370
Net assets as previously presented	27,743,169	10,721,382	38,464,551
Reclassification to implement ASU 2016-14:			
Underwater Endowments	75,982	(75,982)	-
Time restricted assets	2,904,175	(2,904,175)	-
Net assets, as reclassified	$ 30,723,326	$ 7,741,225	$ 38,464,551

Financial Statement Presentation
The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classification:

Net assets without donor restriction - Net assets available for use in the general operations and not subject to donor or grantor restrictions. 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.

Net assets with donor restrictions - Net assets subject to donor or grantor-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, these net assets are reclassified to assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The income from these assets is available for either general operations or specific programs as required 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.

Note 2 - Significant Accounting Policies, continued

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
Account receivables 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 account receivables. 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 assets without donor restrictions 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.

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.

Note 2 - Significant Accounting Policies, continued

Fair Value of Financial Instruments, continued
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, 2019.

> 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 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, 2019 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying consolidated statement of financial position.

Intangible Assets
Intangible assets consist of customer lists and goodwill. The customer lists were purchased from other car donation companies. The customer lists are 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, 2019.

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 net assets with donor restrictions to net assets without restriction 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.

Note 2 - Significant Accounting Policies, continued

Revenue Recognition, continued
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 net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports that support as net assets without donor restrictions.

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
The financial statements report certain categories of expense that are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses include salary and benefits, depreciation, occupancy expense, information technology and shared program support expense. Salary and benefits are allocated on time and effort, depreciation and occupancy are allocated by square foot and usage, information technology is allocated by FTE and usage and shared program expense is allocated to programs using total expense as the basis.

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, Balboa, and HUL 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.

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. CARS was dissolved during the year ended June 30, 2019 and does not owe any taxes at June 30, 2019.

Capital City Auto Auction and Charitable Auto Recycling, Inc. are California corporations subject to federal and state income taxes on net earnings. As these are calendar year companies, no taxes are due as of June 30, 2019.

Advertising
The Organization expenses the cost of advertising as incurred.

Subsequent Events
The Organization has evaluated subsequent events through February 21, 2020, which is the date on which the financial statements were available to be issued.

Note 3 - Liquidity and Availability of Assets

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests excess cash in various investment vehicles at the Jewish Community Foundation in the amount of $10 million. The amount from this pool of investments though not appropriated in the annual budget development process could be made available in cases of an emergency. These funds have an anticipated distribution of 5% yearly averaging $400,000 annually.

The grants and accounts receivable of $6.5 million are a result of cost reimbursement grants and contracts mostly from federal, state, county and city agencies.

The JFS Foundation has an endowment funds held at Jewish Community Foundation in the amount of $9.2 million. These funds consist of donor restrictions and have an anticipated distribution of 5% yearly averaging $445,000 annually subject to JFS Foundation board approval.

Financial assets available for other general expenditure, that is, without donor or other restrictions limiting their use within one year of the statement of financial position date, comprise the following:

Cash	$	4,243,598
Accounts receivable		2,195,578
Grants receivable		4,380,975
Unconditional promises to give		6,226,535
Investments		10,111,733
Loan receivable		75,407
Earnings on endowments subject to spending policy		445,000
Beneficial interest in endowment funds		9,278,091
Financial assets available for use:		36,956,917
Less assets not currently available:		
Restricted endowments		(5,165,550)
Board designated assets		(7,554,381)
Restricted cash		(72,846)
Purpose restricted		(2,877,308)
Unconditional promises to give to be received after one year		(4,673,166)
Unconditional promises to give with purpose restrictions in one year		(213,000)
		(20,556,251)
Financial assets available for general expenditure in the next 12 months	$	16,400,666

Note 4 - Grants and Contracts Receivable

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

California Department of Social Services	$	1,349,053
Conference on Jewish Material Claims Against Germany, Inc.		670,450
County of San Diego		659,762
County of Riverside		379,075
City of San Diego		347,276
Department of Homeland Security		308,620
The California Endowment		200,000
San Diego Association of Governments		180,567
Hebrew Immigrant Aid Society		72,851
Alzheimer's Disease Initiative		68,732
Inland Empire Health Plan		39,900
Catholic Charities		26,711
Department of Resources Recycling		21,892
Feeding San Diego		10,625
Grossmont Healthcare District		10,000
Women Give San Diego		10,000
Napa County Office of Education		9,962
Regional Task Force on the Homeless		6,491
South Bay Community Services		6,216
Employee Right Center		2,792
Total Grants and Contracts Receivable	$	4,380,975

Note 5 - Unconditional Promises to Give

Unconditional promises to give consist of the following at June 30, 2019:

Due in less than one year	$	2,079,933
Due in one to five years		4,460,667
Due in over five years		212,500
		6,753,100
Less: Discount to present value (rates between 1.37% and 3.69%)		(522,065)
Less: Allowance for doubtful accounts		(4,500)
Total	$	6,226,535

Note 6 - 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.

Note 6 - Investments, continued

The Organization maintains its investments at JCF. 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.

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

	Assets at Fair Value as of June 30, 2019				
	Level 1	Level 2	Level 3	NAV	Total
Cash	$ 20,314	$ -	$ -	$ -	$ 20,314
Fixed income	42,130	-	-	-	42,130
Mutual funds:					
Small blend	71,027	-	-	-	71,027
Large blend	32,723	-	-	-	32,723
Commodities ETF	10,800	-	-	-	10,800
Small growth ETF	19,978	-	-	-	19,978
Investment trusts	-	19,716	-	-	19,716
Short term pool	-	-	-	752,864	752,864
Mid term pool	-	-	-	108,247	108,247
Long term pool	-	-	-	7,041,578	7,041,578
Endowment pool	-	-	-	1,992,356	1,992,356
	$ 196,972	$ 19,716	$ -	$ 9,895,045	$ 10,111,733

Note 7 - Investment in KLA Holdings, LLC

The Organization is a member of KLA Holdings, LLC (KLA) and currently maintains a 50% interest in KLA. The purpose of KLA is to acquire, improve, manage, lease, operate and hold for investment, sell and/or exchange real property. The investment in KLA is accounting for using the equity method. As of June 30, 2019 the balances for KLA are as follows:

Total Assets	$ 138,692
Total Liabilities	$ -
Total Members' Equity	$ 138,692
Net Income	$ 8,692

The change in the investment in KLA is as follows for the year ended June 30, 2019:

Current year investment	$ 65,000
Distributions	-
Net income	4,346
	$ 69,346

Note 8 - Intangible Assets

Intangible assets consist of the following as of June 30, 2019:

	Balance at June 30, 2018	Additions	Balance at June 30, 2019
Goodwill	$ 21,874	$ 51,468	$ 73,342
Customer lists	340,000	940,000	1,280,000
Accumulated amortization	(48,571)	(110,118)	(158,689)
	$ 313,303	$ 881,350	$ 1,194,653

Amortization expense of these customer lists was $110,118 for the year ended June 30, 2019.

Future amortization expense of the customer lists as of June 30, 2019 is as follows:

Years Ended June 30,	
2020	$ 182,857
2021	182,857
2022	182,857
2023	182,857
2024	182,857
Thereafter	207,026
	$ 1,121,311

Note 9 - Land, Buildings, and Equipment

Land, buildings, and equipment consist of the following at June 30, 2019:

Land	$ 4,023,335
Buildings and Improvements	13,143,057
Furniture and Equipment	2,206,534
Software	1,879,579
Vehicles	756,555
Leasehold Improvements	11,111
	22,020,171
Accumulated Depreciation and Amortization	(5,737,091)
Land, Buildings, and Equipment, net of depreciation	16,283,080
Construction in Progress	198,387
Total Land, Buildings, and Equipment, net of depreciation	$ 16,481,467

Depreciation expense was $950,747 and amortization expense of software assets was $128,833 for the year ended June 30, 2019.

Note 10 - 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, 2019				
	Level 1	Level 2	Level 3	NAV	Total
Cash and money market	$ 2,934	$ -	$ -	$ -	$ 2,934
Equity	51,243	-	-	-	51,243
Mutual funds	26,099	-	-	-	26,099
Fixed income	45,484	-	-	-	45,484
Endowment pool	-	-	-	9,149,831	9,149,831
Long-term pool	-	-	-	2,500	2,500
	$ 125,760	$ -	$ -	$ 9,152,331	$ 9,278,091

Note 11 - Notes Payable

Notes payable consist of the following at June 30, 2019:

Note payable for the purchase of a customer list, payable in annual installments of $250,000, plus interest at 2.86% due January 2022.	$ 750,000
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%, due March 1, 2021.	285,000
Notes payable for the purchases of equipment, payable in aggregate monthly installments of $3,816, including interest ranging from 6.20% to 9.295%, maturing at various dates from May 2021 to March 2024.	153,403
Note payable for the purchase of a customer list payable requiring quarterly payments of $22,500 through July of 2018. The remaining balance is payable over the next eight 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.	109,639
	$ 548,042

Future maturities of the notes payable as of June 30, 2019 are as follows:

Years Ending June 30,	
2020	$ 571,189
2021	287,157
2022	278,412
2023	31,974
2024	19,671
Variable payment amount	109,639
	$ 1,298,042

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

Note 12 - 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 $20,563 for the year ended June 30, 2019 and are included in employee benefits in the consolidated statements of functional expenses. The accumulated deferred compensation payable due as of June 30, 2019 is $401,245 and is included in the consolidated statements of financial position.

Note 13 - Net Assets

Net assets without donor restrictions that have been designated by the Board include the following:

Board restricted reserve	$	3,045,903
Board restricted endowment		4,508,478
	$	7,554,381

Net assets with donor restrictions are restricted for the following purposes:

Purpose restrictions:		
Subject to expenditure for specified purpose:		
Aging	$	108,682
Self Sufficiency		2,582,869
Community Connections		15,237
Other		22,673
Hebrew Free Loan Assistance		147,847
		2,877,308
Subject to appropriation when a specific event occurs:		
Aging		79,314
Self Sufficiency		4,583
Community Connections		22,466
Staff development		72,605
General use		429,979
		608,947
Time restricted for future periods:		
Promises to give, proceeds from which have been restricted by donors:		
Aging		220,069
Self Sufficiency		377,536
Community Connections		4,983
Subject to passage of time		5,583,663
		6,186,251
Perpetual in nature:		
Aging		560,772
Self Sufficiency		29,610
Community Connections		60,772
Staff development		265,000
General use		3,640,449
		4,556,603
Net assets with donor restrictions	$	14,229,109

Note 13 - Net Assets, continued

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose of by the occurrence of the passage of time or other events specified by the donor as follows:

Aging	$	121,810
Self Sufficiency		563,697
Community Connections		52,409
Staff development		16,475
General use		261,359
Time restricted		994,369
	$	2,010,119

Note 14 - 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 net assets perpetual in nature (1) the original value of gifts donated to the endowment (2) the original value of subsequent gifts donated to the endowment (3) accumulations to the 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 as perpetual in nature is classified as purpose restricted net assets with donor restrictions 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 deciding 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, 2019.

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 14 - Endowment Net Assets, continued

JFS Managed Funds, 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, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 4,508,478	$ -	$ 4,508,478
Donor designated funds:			
Original donor-restricted gift amount required to be maintained in perpetuity by donor	-	4,556,603	4,556,603
Accumulated investment gains	-	608,947	608,947
	$ 4,508,478	$ 5,165,550	$ 9,674,028

Note 14 - Endowment Net Assets, continued

Changes in endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 4,581,775	$ 5,291,053	$ 9,872,828
Contributions	-	500	500
Appropriated expenditures	(224,374)	(311,725)	(536,099)
Investment return, net	151,077	185,722	336,799
Endowment net assets, end of year	$ 4,508,478	$ 5,165,550	$ 9,674,028

Note 15 - 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, 2019. 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 $363,776 to plan for the year ended June 30, 2019.

Note 16 - Commitments

Facility Operating Leases
JFS leases office facilities under lease agreements expiring through fiscal year 2022. Rent expense totaled $867,248 for the year ended June 30, 2019.

CARS and CARS Nonprofit leased office facilities under a lease agreement that expires in fiscal year 2024. Rent expense totaled $169,425 for the year ended June 30, 2019.

CCAA rents land and buildings on a month-to-month basis. For the year ended June 30, 2019 rent expense totaled $249,011. The general manager for CCAA has a 21.4% interest in APG Properties, LLC that CCAA rented property from 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, 2019:

Years Ending June 30,	
2020	$ 587,234
2021	528,368
2022	529,117
2023	419,081
2024	223,658
	$ 2,287,458

Note 17 - 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.

For the year ended June 30, 2019, grants receivable from three agencies comprised 61%, of the total balance. Grant revenue from three agencies during the year ended June 30, 2019 comprised 52% of grant revenue. Unconditional promises to give from one donor comprised 80% of the total balance. Contributions from one donor comprised 40% of all contributions for the year ended June 30, 2019.

Note 18 - Related Party

The Director for CCAA has a 21.4% interest in APG Properties, LLC which is the company from which CCAA rented property on a month-to-month basis prior to opening their new facility in January 2018. The new facility is also owned by APG Properties, LLC. Additionally, the Director has a 33.33% undivided interest in RAA Property Partnership. CCAA currently rents vacant land that is used by the auction house from this entity.

Recycling leases the land on which it conducts its auctions from KLA Holding, LLC. CARS Nonprofit has a 50% interest in KLA Holdings, LLC.

Note 19 - Subsequent Event

In August 2019 a new entity, Express Auto Auction, Inc., was incorporated. Express Auto Auction, Inc. issued 1,000 shares of common stock to Charitable Adult Rides & Services, Inc. for $1,000. Express Auto Auction, Inc. acquired substantially all of the assets of an existing auction house, Raysnkain Enterprises, Inc., dba Express Auto Auction and dba Express Motors for $300,000 (payable $6,250 monthly) plus 1% of the auction fees for the 4-year period of the loan. Express Auto Auction, Inc., signed a management services agreement with South San Diego Consultants that allocates 33.33% of the net profits and appreciation of value in the company. The calculation is made each time there is a distribution.

JFS obtained a $2 million line of credit subsequent to year end. As of the report date, no amounts have been drawn.

The note payable to City National Bank in the amount of $285,000 at June 30, 2019 was amended subsequent to year end. The amended terms are principal and interest payments (at 2.65%) in the amount of $24,099 due each month starting on April 1, 2020 through February 1, 2021 with any remaining balance due in full March 1, 2021.

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, 2019, 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 21, 2020.

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 a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

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.

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*, CONTINUED

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 21, 2020

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, 2019. 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, 2019.

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.

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. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-002, that we consider to be a significant deficiency.

Jewish Family Service's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Jewish Family Service's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 21, 2020

JEWISH FAMILY SERVICE OF SAN DIEGO

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

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:			
Continuum of Care Program:			
Riverside County Department of Public Social Service	14.267	$ -	$ 1,680,725
Total U.S. Department of Housing and Urban Development		-	1,680,725
U.S. Department of Labor			
Pass-through Program From:			
Senior Community Service Employment Program:			
County of San Diego	17.235	-	141,065
Total U.S. Department of Labor		-	141,065
U.S. Department of State			
Pass-through Program From:			
U.S. Refugee Admissions Program:			
Hebrew Immigrant Aid Society	19.510	-	390,932
Total U.S. Department of State		-	390,932
U.S. Department of Transportation:			
Pass-through Program From:			
Enhanced Mobility of Seniors and Individuals with Disabilities:			
San Diego Association of Governments	20.513	-	297,373
Total U.S. Department of Transportation		-	297,373
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	-	22,847
County of San Diego	93.045	-	276,268

JEWISH FAMILY SERVICE OF SAN DIEGO

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

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	-	36,216
Total Aging Cluster		-	335,331
Pass-Through Programs From:			
National Family Caregiver Support, Title III, Part E:			
County of San Diego	93.052	-	131,412
Refugee and Entrant Assistance Voluntary Agency Programs			
Hebrew Immigrant Aid Society	9.567	-	170,204
Refugee and Entrant Assistance, Discretionary Grants:			
Hebrew Immigrant Aid Society	93.576	-	60,826
Refugee and Entrant Assistance, Targeted Assistance Grants:			
Catholic Charities	93.584	-	160,220
Alzheimer's Disease Initiative: Specialized Supportive Services Project	93.763	-	319,574
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	-	28,700
Total U.S. Department of Health and Human Services		-	870,936
Corporation of National and Community Service			
Pass-Through Programs From:			
AmeriCorps:			
Napa County Office of Education	94.006	-	138,839
Total Corporation of National and Community Service		-	138,839
U.S. Department of Homeland Security			
Citizenship Education and Training	97.010	-	135,063
Emergency Food and Shelter National Board Program	97.024	-	275,672
Total U.S. Department of Homeland Security		-	410,735
Total Expenditures of Federal Awards		$ -	$ 4,265,936

See independent auditors' report and notes 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, 2019. 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, 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?	_X_ yes ___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
93.763	Alzheimer's Disease Initiative: Specialized Supportive Services Project

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

2019-001 Repeat Finding 2018-001

Criteria: In fiscal years 2017 and 2019, there were two subsidiaries under CARS Nonprofit started for which there was limited segregation of duties or review and monitoring performed over the cash receipts and disbursements.

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

Questioned Costs: None.

Context: No one employee should have access to all areas of the accounting process and be responsible for the distribution calculation. 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: See responses on Corrective Action Plan on page 36.

Section III - Federal Award Findings and Questioned Costs

2019-002 CFDA 14.267 – Continuum of Care Program

Criteria: Uniform Grant Guidance provides that a policy and procedure are implemented to ensure vendors that are suspended or debarred are not utilized in federal granting programs.

Condition: During the audit testing of compliance of procurement, suspension, and debarment for federal awards for Jewish Family Service, there was no documentation of verification that the vendors selected were not on the federal registry of those vendors currently suspended or debarred.

Questioned Costs: None.

Context: A policy was put into place for those subcontractors who qualify for different levels of purchases through the levels of the procurement standards, but has not been applied to use of all vendors in federal awards programs. Of the 30 selections tested during the audit, none of the vendors were found to be suspended or debarred.

Effect: This is considered to be a significant deficiency in controls over compliance.

Recommendation: We recommend that the policy being utilized for those subcontractors be adopted for all vendors.

Response: See responses on Corrective Action Plan on page 36.

PRIOR YEAR FINDINGS

2018-001

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 2019-001

2018-002

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: This finding has been resolved as controls have been implemented regarding journal entry access.

Corrective Action Plan

February 21, 2020

Jewish Family Service of San Diego (JFS) respectively submits the following corrective action plan for the year ended June 30, 2019.

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

Audit Period: June 30, 2019

The findings from the June 30, 2019, 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: 2019-001 Segregation of Duties – Capital City Auto Auction, Inc. and Charitable Auto Recycling Inc.

Recommendation:

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

Action Taken:

Segregation of duties will be fully implemented in the following areas:

1. Accounting and banking access
2. Check signing
3. Bank reconciliation
4. Revenue calculation and distribution

Additional Oversight

1. CARS VP, Accounting & Admin Services will have the ability to view all accounting related systems as added oversight.
2. Controls over inventory tracking.
3. Ongoing internal controls review and procedure realignment.

Reference Number: 2019-002 CFDA 14.267 – Continuum of Care Program

Recommendation:

We recommend that the policy being utilized for those subcontractors be adopted for all vendors.

Action Taken:

The procedure verifying suspension and debarment that was already in place for staff, contractors and subcontractors for various levels of purchases per procurement standards have already been extended and will remain in place and applied to all vendors regardless of the level of purchases. During the audit, this debarment verification procedure was applied to all vendors paid in the year audited, 2018-2019 and there was no vendor identified that fell in the suspended or debarred category, therefore, there were no suspended or debarred vendor paid in the fiscal year.

Sincerely yours,

BGriggs

Bernadette Griggs
Chief Financial Officer
Jewish Family Service of San Diego

SUPPLEMENTAL INFORMATION

JEWISH FAMILY SERVICE OF SAN DIEGO

Consolidating Schedule of Financial Position

June 30, 2019

	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, Inc.	Charitable Auto Recycling, Inc.	Eliminations	Consolidated
ASSETS									
Cash	$ 2,862,033	$ -	$ -	$ 1,077,211	$ 395	$ 249,300	$ 54,659	$ -	$ 4,243,598
Accounts Receivable, net	62,041	-	-	2,133,537	-	-	-	-	2,195,578
Grants and Contracts Receivable	4,380,975	-	-	-	-	-	-	-	4,380,975
Unconditional Promises to Give, net	6,226,535	-	-	-	-	-	-	-	6,226,535
Investments	10,111,733	-	-	-	-	-	-	-	10,111,733
Investment in KLA Holdings, LLC	-	-	-	69,346	-	-	-	-	69,346
Loans Receivable, net	75,407	-	-	-	-	-	-	-	75,407
Prepaid Expenses and Other Assets	497,356	-	-	122,456	-	88,569	18,028	-	726,409
Intangible Assets	-	-	-	1,194,653	-	-	-	-	1,194,653
Intercompany Receivables	16,710,577	-	-	62,228	3,944	-	-	(16,776,749)	-
Investment in Subsidiaries	2,155,903	-	-	185,311	-	-	-	(2,341,214)	-
Land, Buildings, and Equipment, net	2,341,629	7,271,813	5,626,252	1,050,932	-	174,302	16,539	-	16,481,467
Beneficial Interests in Endowment Funds	9,278,091	-	-	-	-	-	-	-	9,278,091
Total Assets	$ 54,702,280	$ 7,271,813	$ 5,626,252	$ 5,895,674	$ 4,339	$ 512,171	$ 89,226	$ (19,117,963)	$ 54,983,792
LIABILITIES AND NET ASSETS									
Liabilities:									
Accounts payable	$ 906,557	$ -	$ -	$ 667,690	$ 552	$ -	$ 13,511	$ -	$ 1,588,310
Line of credit	50,000	-	-	-	-	-	-	-	50,000
Accrued expenses	1,725,170	-	-	2,167,516	2,683	168,348	1,703	-	4,065,420
Intercompany payables	3,773,533	7,271,813	5,626,252	46,030	-	3,729	55,392	(16,776,749)	-
Related party note payable	-	-	-	-	-	-	20,000	-	20,000
Unearned revenue	697,366	-	-	-	-	-	-	-	697,366
Notes payable	285,000	-	-	859,639	-	153,403	-	-	1,298,042
Deferred compensation	401,245	-	-	-	-	-	-	-	401,245
Total Liabilities	7,838,871	7,271,813	5,626,252	3,740,875	3,235	325,480	90,606	(16,776,749)	8,120,383
Net Assets:									
Without Donor Restrictions:									
Undesignated	25,079,919	-	-	2,154,799	1,104	186,691	(1,380)	(2,341,214)	25,079,919
Board Designated	7,554,381	-	-	-	-	-	-	-	7,554,381
Total Without Donor Restrictions	32,634,300	-	-	2,154,799	1,104	186,691	(1,380)	(2,341,214)	32,634,300
With Donor Restrictions	14,229,109	-	-	-	-	-	-	-	14,229,109
Total Net Assets	46,863,409	-	-	2,154,799	1,104	186,691	(1,380)	(2,341,214)	46,863,409
Total Liabilities and Net Assets	$ 54,702,280	$ 7,271,813	$ 5,626,252	$ 5,895,674	$ 4,339	$ 512,171	$ 89,226	$ (19,117,963)	$ 54,983,792

JEWISH FAMILY SERVICE OF SAN DIEGO

Consolidating Schedule of Activities

Year Ended June 30, 2019

	Jewish Family Service of San Diego: Without Donor Restrictions	Jewish Family Service of San Diego: With Donor Restrictions	Jewish Family Service of San Diego: Total	Charitable Adult Rides & Services, Inc.	Charitable Auto Resources, Inc.	Capital City Auto Auction, Inc.	Charitable Auto Recycling, Inc.	Eliminations	Consolidated
Support and Revenue:									
Charitable auto sales and fees	$ -	$ -	$ -	$ 10,902,243	$ -	$ 3,231,148	$ 726,416	$ (158,767)	$ 14,701,040
Grants and contracts	16,094,190	-	16,094,190	-	-	-	-	-	16,094,190
Contributions	4,099,143	8,301,258	12,400,401	500	-	-	-	(150,000)	12,250,901
Investment return	562,412	196,745	759,157	4,821	-	-	214	-	764,192
Program revenue	1,203,073	-	1,203,073	-	-	-	-	-	1,203,073
Fees and other revenue	138,992	-	138,992	5,956	1	1	-	(3,099)	141,851
Income from subsidiary	3,126,746	-	3,126,746	263,608	-	-	-	(3,390,354)	-
Net assets released from restrictions	2,010,119	(2,010,119)	-	-	-	-	-	-	-
Total Support and Revenue	27,234,675	6,487,884	33,722,559	11,177,128	1	3,231,149	726,630	(3,702,220)	45,155,247
Expenses:									
Program Services:									
Aging	5,436,844	-	5,436,844	-	-	-	-	-	5,436,844
Self-Sufficiency	13,393,058	-	13,393,058	-	-	-	-	-	13,393,058
Community Connections	1,549,094	-	1,549,094	-	-	-	-	-	1,549,094
Car Donation	-	-	-	7,665,670	17,501	2,965,160	729,010	(2,675,288)	8,702,053
Total Program Services	20,378,996	-	20,378,996	7,665,670	17,501	2,965,160	729,010	(2,675,288)	29,081,049
Supporting Services:									
General and administrative	2,410,151	-	2,410,151	1,094,386	-	-	-	-	3,504,537
Fundraising	2,534,554	-	2,534,554	1,639,345	-	-	-	(3,096)	4,170,803
Total Supporting Services	4,944,705	-	4,944,705	2,733,731	-	-	-	(3,096)	7,675,340
Total Expenses	25,323,701	-	25,323,701	10,399,401	17,501	2,965,160	729,010	(2,678,384)	36,756,389
Change in Net Assets	1,910,974	6,487,884	8,398,858	777,727	(17,500)	265,989	(2,380)	(1,023,836)	8,398,858
Net Assets, beginning	30,723,326	7,741,225	38,464,551	1,377,072	18,604	139,709	-	(1,535,385)	38,464,551
Member draws	-	-	-	-	-	(219,007)	-	219,007	-
Equity contribution	-	-	-	-	-	-	1,000	(1,000)	-
Net Assets, ending	$ 32,634,300	$ 14,229,109	$ 46,863,409	$ 2,154,799	$ 1,104	$ 186,691	$ (1,380)	$ (2,341,214)	$ 46,863,409