

JEWISH FAMILY SERVICE OF SAN DIEGO
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2023 AND 2022



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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Jewish Family Service of San Diego (a California nonprofit corporation), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jewish Family Service of San Diego and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, in 2023 Jewish Family Service of San Diego adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of Management for the Financial Statements (Continued)

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Jewish Family Service of San Diego's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Jewish Family Service of San Diego's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jewish Family Service of San Diego's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating schedule of financial position and consolidating schedule of activities are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the consolidating schedule of financial position and consolidating schedule of activities are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Jewish Family Service of San Diego's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jewish Family Service of San Diego's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Pasadena, California
December 27, 2023

JEWISH FAMILY SERVICE OF SAN DIEGO
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash	\$ 35,749,490	\$ 17,573,525
Accounts Receivable, Net	747,934	189,776
Contract Asset Vehicle Sales Receivables, Net	2,786,331	2,827,883
Grants and Contracts Receivable	7,653,097	8,781,968
Unconditional Promises to Give, Net	8,739,124	9,545,697
Investments	25,983,515	23,793,277
Investment in KLA Holdings, LLC	79,070	70,996
Prepaid Expenses and Other Assets	7,369,353	2,057,450
Intangible Assets	1,703,287	1,906,621
Related Party Receivables	20,499	29,160
Right-of-Use Asset - Operating	5,534,399	-
Land, Buildings, and Equipment, Net	16,892,305	16,683,362
Beneficial Interests in Endowment Funds	9,376,770	9,239,250
	\$ 122,635,174	\$ 92,698,965
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 2,698,660	\$ 1,814,804
Line of Credit	-	50,000
Accrued Expenses	9,023,802	8,733,987
Refundable Grant Advances	24,315,620	2,828,827
Lease Liability - Operating	5,619,968	-
Lease Liability - Financing	16,918	-
Notes Payable	861,641	964,582
Deferred Compensation	455,472	408,004
Total Liabilities	42,992,081	14,800,204
NET ASSETS		
Without Donor Restrictions:		
Operating	53,979,035	51,020,133
Board-Designated	9,143,469	9,353,975
Total Without Donor Restrictions	63,122,504	60,374,108
With Donor Restrictions	16,520,589	17,524,653
Total Net Assets	79,643,093	77,898,761
Total Liabilities and Net Assets	\$ 122,635,174	\$ 92,698,965

See accompanying Notes to Consolidated Financial Statements.

**JEWISH FAMILY SERVICE OF SAN DIEGO
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Charitable Vehicle Sales and Fees	\$ 27,774,793	\$ -	\$ 27,774,793
Government Contracts	47,933,339	-	47,933,339
Grants and Contributions	13,573,018	3,249,083	16,822,101
Investment Return	2,805,750	480,342	3,286,092
Program Revenue	7,645,078	-	7,645,078
Fees and Other Revenue	344,633	-	344,633
Net Assets Released from Restrictions	4,733,489	(4,733,489)	-
Total Support and Revenue	104,810,100	(1,004,064)	103,806,036
EXPENSES			
Program Services:			
Welcome The Stranger	35,041,493	-	35,041,493
Basic Needs and Stability	32,618,986	-	32,618,986
Vehicle Donation	18,619,004	-	18,619,004
Total Program Services	86,279,483	-	86,279,483
Supporting Services:			
General and Administrative	8,492,818	-	8,492,818
Fundraising	7,289,403	-	7,289,403
Total Supporting Services	15,782,221	-	15,782,221
Total Expenses	102,061,704	-	102,061,704
CHANGE IN NET ASSETS	2,748,396	(1,004,064)	1,744,332
Net Assets - Beginning of Year	60,374,108	17,524,653	77,898,761
NET ASSETS - END OF YEAR	\$ 63,122,504	\$ 16,520,589	\$ 79,643,093

See accompanying Notes to Consolidated Financial Statements.

**JEWISH FAMILY SERVICE OF SAN DIEGO
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Charitable Vehicle Sales and Fees	\$ 30,141,176	\$ -	\$ 30,141,176
Government Contracts	37,194,463	-	37,194,463
Grants and Contributions	15,254,678	12,627,995	27,882,673
Investment Return	(4,009,263)	(735,252)	(4,744,515)
Program Revenue	4,352,878	-	4,352,878
Paycheck Protection Program Loan Forgiveness	2,956,800	-	2,956,800
Fees and Other Revenue	176,190	-	176,190
Net Assets Released from Restrictions	7,459,013	(7,459,013)	-
Total Support and Revenue	<u>93,525,935</u>	<u>4,433,730</u>	<u>97,959,665</u>
EXPENSES			
Program Services:			
Welcome The Stranger	27,543,029	-	27,543,029
Basic Needs and Stability	25,736,447	-	25,736,447
Vehicle Donation	16,904,726	-	16,904,726
Total Program Services	<u>70,184,202</u>	<u>-</u>	<u>70,184,202</u>
Supporting Services:			
General and Administrative	6,765,879	-	6,765,879
Fundraising	6,130,869	-	6,130,869
Total Supporting Services	<u>12,896,748</u>	<u>-</u>	<u>12,896,748</u>
Total Expenses	<u>83,080,950</u>	<u>-</u>	<u>83,080,950</u>
CHANGE IN NET ASSETS	10,444,985	4,433,730	14,878,715
Net Assets - Beginning of Year	<u>49,929,123</u>	<u>13,090,923</u>	<u>63,020,046</u>
NET ASSETS - END OF YEAR	<u>\$ 60,374,108</u>	<u>\$ 17,524,653</u>	<u>\$ 77,898,761</u>

See accompanying Notes to Consolidated Financial Statements.

JEWISH FAMILY SERVICE OF SAN DIEGO
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services				Supporting Services		Total Expenses
	Welcome The Stranger	Basic Needs and Stability	Vehicle Donation	Total Program	General and Administrative	Fundraising	
SALARIES AND RELATED EXPENSES							
Salaries and Wages	\$ 9,107,839	\$ 12,426,587	\$ 6,018,820	\$ 27,553,246	\$ 4,182,487	\$ 3,847,674	\$ 35,583,407
Payroll Taxes	1,448,719	2,037,995	1,097,250	4,583,964	833,315	591,675	6,008,954
Employee Benefits	672,249	939,353	465,619	2,077,221	390,829	273,901	2,741,951
Total Salaries and Related Expenses	<u>11,228,807</u>	<u>15,403,935</u>	<u>7,581,689</u>	<u>34,214,431</u>	<u>5,406,631</u>	<u>4,713,250</u>	<u>44,334,312</u>
NONSALARY RELATED EXPENSES							
Advertising and Promotion	1,640	26,651	566,452	594,743	17,341	118,677	730,761
Bad Debts	-	500	-	500	-	-	500
Bank Fees and Payroll Processing	78,898	6,394	162,664	247,956	221,460	45,170	514,586
Contributions	12,500	198,810	-	211,310	-	4,150	215,460
Depreciation and Amortization	155,059	562,954	385,855	1,103,868	188,795	318,379	1,611,042
Emergency Assistance	10,109,826	785,541	-	10,895,367	-	-	10,895,367
Equipment Rental and Expense	110,926	70,739	38,886	220,551	14,781	11,399	246,731
Fundraising	-	-	-	-	-	12,453	12,453
Holocaust Home Care	57	5,767,728	-	5,767,785	292	-	5,768,077
Insurance	103,096	223,736	92,709	419,541	296,268	129,796	845,605
Interest Expense	-	1,733	14,004	15,737	130	-	15,867
Legal, Accounting, and Audit	1	6,398	307,125	313,524	305,631	5,826	624,981
Memberships/Subscriptions	66,352	137,810	20,586	224,748	108,192	45,699	378,639
Miscellaneous	73,356	50,331	202,128	325,815	40,621	19,989	386,425
Office and Computer Supplies	258,100	705,043	444,909	1,408,052	565,827	306,784	2,280,663
Postage	12,074	23,106	37,293	72,473	9,434	26,278	108,185
Printing	4,428	47,465	9,611	61,504	2,481	95,843	159,828
Professional Fees	155,340	1,224,045	751,812	2,131,197	675,296	1,036,851	3,843,344
Program Expenses	1,792,020	2,325,420	4,912,399	9,029,839	941	7,656	9,038,436
Property and Other Taxes	-	1,388	326,905	328,293	2,830	3,067	334,190
Rent	165,898	1,693,999	891,876	2,751,773	51,616	48,576	2,851,965
Repairs and Maintenance	86,094	409,019	119,801	614,914	61,562	30,288	706,764
Staff Development	58,512	110,720	52,664	221,896	271,354	28,859	522,109
Subcontractor Fees	10,106,119	1,438,622	1,094,773	12,639,514	2,601	7,437	12,649,552
Telephone	171,519	339,147	293,251	803,917	165,820	96,483	1,066,220
Transportation Service	96,823	389,975	-	486,798	3,962	3,444	494,204
Travel and Entertainment	72,832	289,583	161,073	523,488	60,026	149,261	732,775
Utilities	121,216	378,194	150,539	649,949	18,926	23,788	692,663
Total Nonsalary Related Expenses	<u>23,812,686</u>	<u>17,215,051</u>	<u>11,037,315</u>	<u>52,065,052</u>	<u>3,086,187</u>	<u>2,576,153</u>	<u>57,727,392</u>
Total Functional Expenses	<u>\$ 35,041,493</u>	<u>\$ 32,618,986</u>	<u>\$ 18,619,004</u>	<u>\$ 86,279,483</u>	<u>\$ 8,492,818</u>	<u>\$ 7,289,403</u>	<u>\$ 102,061,704</u>

See accompanying Notes to Consolidated Financial Statements.

JEWISH FAMILY SERVICE OF SAN DIEGO
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services				Supporting Services		Total Expenses
	Welcome The Stranger	Basic Needs and Stability	Vehicle Donation	Total Program	General and Administrative	Fundraising	
SALARIES AND RELATED EXPENSES							
Salaries and Wages	\$ 6,529,860	\$ 10,696,690	\$ 5,629,781	\$ 22,856,331	\$ 3,249,668	\$ 3,183,802	\$ 29,289,801
Payroll Taxes	1,056,020	1,854,161	941,575	3,851,756	657,830	476,161	4,985,747
Employee Benefits	487,451	807,382	424,267	1,719,100	314,162	227,721	2,260,983
Total Salaries and Related Expenses	<u>8,073,331</u>	<u>13,358,233</u>	<u>6,995,623</u>	<u>28,427,187</u>	<u>4,221,660</u>	<u>3,887,684</u>	<u>36,536,531</u>
NONSALARY RELATED EXPENSES							
Advertising and Promotion	2,784	25,319	631,904	660,007	10,896	159,324	830,227
Bad Debts	-	28	-	28	-	-	28
Bank Fees and Payroll Processing	67,945	10,172	155,174	233,291	175,378	42,106	450,775
Contributions	12,025	86,346	-	98,371	-	2,890	101,261
Depreciation and Amortization	187,906	655,605	312,454	1,155,965	122,902	306,616	1,585,483
Emergency Assistance	7,112,665	450,097	-	7,562,762	-	-	7,562,762
Equipment Rental and Expense	93,766	81,427	16,248	191,441	12,842	8,540	212,823
Fundraising	-	-	-	-	41	24,546	24,587
Holocaust Home Care	-	4,741,649	-	4,741,649	-	-	4,741,649
Insurance	78,621	218,644	41,689	338,954	266,209	59,031	664,194
Interest Expense	-	1,782	14,148	15,930	166	-	16,096
Legal, Accounting, and Audit	2,433	14,641	75,589	92,663	97,734	1,482	191,879
Memberships/Subscriptions	16,468	60,311	17,384	94,163	80,450	17,878	192,491
Miscellaneous	5,493	27,291	70,686	103,470	11,016	7,985	122,471
Office and Computer Supplies	259,666	468,508	434,390	1,162,564	330,322	251,126	1,744,012
Postage	8,898	21,298	38,795	68,991	8,051	22,289	99,331
Printing	8,239	50,943	4,367	63,549	1,863	64,795	130,207
Professional Fees	104,693	752,515	856,793	1,714,001	866,584	831,232	3,411,817
Program Expenses	1,048,577	1,273,467	4,088,155	6,410,199	16,222	6,023	6,432,444
Property and Other Taxes	-	1,086	408,770	409,856	2,679	3,203	415,738
Rent	102,083	1,322,743	810,973	2,235,799	42,023	48,833	2,326,655
Repairs and Maintenance	229,435	260,066	71,607	561,108	41,759	25,950	628,817
Staff Development	19,935	105,922	109,159	235,016	162,711	39,861	437,588
Subcontractor Fees	9,823,809	714,134	1,124,231	11,662,174	61,211	7,792	11,731,177
Telephone	122,969	315,187	369,781	807,937	186,985	112,399	1,107,321
Transportation Service	67,055	289,266	-	356,321	2,252	3,326	361,899
Travel and Entertainment	21,124	129,828	163,798	314,750	23,008	178,229	515,987
Utilities	73,109	299,939	93,008	466,056	20,915	17,729	504,700
Total Nonsalary Related Expenses	<u>19,469,698</u>	<u>12,378,214</u>	<u>9,909,103</u>	<u>41,757,015</u>	<u>2,544,219</u>	<u>2,243,185</u>	<u>46,544,419</u>
Total Functional Expenses	<u>\$ 27,543,029</u>	<u>\$ 25,736,447</u>	<u>\$ 16,904,726</u>	<u>\$ 70,184,202</u>	<u>\$ 6,765,879</u>	<u>\$ 6,130,869</u>	<u>\$ 83,080,950</u>

See accompanying Notes to Consolidated Financial Statements.

**JEWISH FAMILY SERVICE OF SAN DIEGO
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,744,332	\$ 14,878,715
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,611,042	1,585,483
Net Unrealized (Gain) Loss on Investments	(2,102,428)	5,415,617
Change in Value of Beneficial Interest in Endowment Funds	(678,968)	(219,972)
Forgiveness of Paycheck Protection Program Loans	-	(2,956,800)
Noncash Lease Expense	134,922	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable, Net	(516,606)	(237,582)
Grants and Contracts Receivable	1,128,871	(169,872)
Unconditional Promises to Give, Net	806,573	(6,148,893)
Prepaid Expenses and Other Assets	(5,311,903)	(153,060)
Related Party Receivables	8,661	(8,838)
Accounts Payable	883,856	(1,589,556)
Accrued Expenses	289,815	1,087,380
Refundable Grant Advances	21,486,793	(1,007,822)
Deferred Compensation	47,468	(34,326)
Net Cash Provided by Operating Activities	19,532,428	10,440,474
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(2,897,754)	(12,885,047)
Sales of Investments	2,693,902	1,168,384
Purchase of Intangible Assets	(55,664)	(1,065,105)
Purchases of Land, Buildings, and Equipment	(1,560,987)	(1,773,722)
Distributions from Beneficial Interest in Endowment Funds	649,416	493,942
Net Cash Used by Investing Activities	(1,171,087)	(14,061,548)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Line of Credit	(50,000)	-
Payments on Notes Payable	(153,602)	(519,643)
Proceeds from Note Payable	50,661	953,509
Payments on Lease Liability - Financing	(32,435)	-
Net Cash Provided (Used) by Financing Activities	(185,376)	433,866
NET CHANGE IN CASH	18,175,965	(3,187,208)
Cash - Beginning of Year	17,573,525	20,760,733
CASH - END OF YEAR	\$ 35,749,490	\$ 17,573,525
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 16,236	\$ 16,403
Cash Paid for Taxes	\$ 330,743	\$ 568,951
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITY		
Purchase of Intangible Assets with Long-Term Financing	\$ -	\$ 975,000

See accompanying Notes to Consolidated Financial Statements.

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 ORGANIZATION

Jewish Family Service of San Diego (JFS) is a California 501(c)(3) nonprofit organization founded in 1918 by a group of women who were dedicated to meeting the needs of the Jewish community. From its grassroots origins over 100 years ago, JFS has grown into a trusted and comprehensive nonprofit human service organization with a diverse portfolio of programs backed by hundreds of volunteers and supporters. Today, JFS partners with people of all faiths and backgrounds to build stable and dignified lives in San Diego County, Riverside County, and Orange County.

JFS serves more than 98,355 people annually and is on the frontlines addressing the immediate and long-term needs of diverse populations, including children, older adults, homeless individuals, low-income families, refugees, and asylum-seekers.

Rady JFS Foundation, California, 501(c)(3) nonprofit, is a wholly owned subsidiary of JFS was organized August 09, 2019. The Foundation was formed under the Nonprofit Public Benefit Corporation Law for charitable purposes. The specific purpose of this corporation is to support the charitable mission, purpose and activities of Jewish Family Service of San Diego.

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. The accounts of this entity are part of the Jewish Family Service of San Diego column as reported on the consolidating schedule of financial position and consolidating schedule of activities.

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. The accounts of this entity are part of the Jewish Family Service of San Diego column as reported on the consolidating schedule of activities.

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. The accounts of this entity are part of the Jewish Family Service of San Diego column as reported on the consolidating schedule of activities.

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. HUL is consolidated within JFS. The accounts of this entity are part of the Jewish Family Service of San Diego column as reported on the consolidating schedule of financial position and consolidating schedule of activities.

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 ORGANIZATION (CONTINUED)

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. A significant portion of the vehicles CCAA auctions are assigned 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.

Express Auto Auction, Inc. (Express) is a wholly owned subsidiary of CARS Nonprofit and was incorporated in California on August 16, 2019 as a for-profit corporation. Express auctions donated vehicles to dealers in the San Diego, California metropolitan area. A significant portion of the vehicles Express auctions are assigned for sale by CARS Nonprofit through its relationships managing other nonprofits' vehicle donation programs.

Polaris Mobility, Inc. (Polaris) is a wholly owned subsidiary of CARS Nonprofit and was incorporated in California on August 24, 2021 as a for-profit corporation. Polaris acquired the assets of Polaris Mobility, a Delaware Corporation on September 15, 2021. Polaris is developing non-emergency transportation logistics software which will be suitable for use in the transportation programs of CARS Nonprofit.

Public Auto Auction (Pontiac), LLC (Pontiac) is a wholly owned subsidiary of CARS Nonprofit and was incorporated in California on May 17, 2022 as a for-profit limited liability company. Pontiac acquired the assets utilized in the donated vehicle auctions of Volunteers of America, Michigan on June 10, 2022 and had not began operations in July 30, 2022. Pontiac auctions donated vehicles to dealers and the public in the Pontiac, Michigan metropolitan area. A significant portion of the vehicles Pontiac auctions are assigned for sale by CARS Nonprofit through its relationships managing other nonprofits' vehicle donation programs.

**JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 ORGANIZATION (CONTINUED)

Entities listed above are consolidated as of and for the years ended June 30, 2023 and 2022 and they will be referred to as the “Organization.”

Finally, for 14 consecutive years, JFS has been awarded a four-star rating from 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, fewer than 1% of nonprofits rated have achieved this “exceptional” rating for 14 consecutive years.

JFS Programs Include:

Basic Needs and Stability

JFS offers a full spectrum of integrated services through a holistic program delivery model that provides emergency and supplemental food programs, comprehensive aging and wellness services (including transportation, home-delivered meals, and social and wellness centers), Holocaust survivor support programs, case management, parent education and support, housing resources for the homeless, poverty alleviation, refugee and immigration resources, and crisis intervention. JFS is a place where Jewish culture and values are celebrated in service to both the Jewish community and the community at large with the fewest possible barriers to service.

Welcome The Stranger

Since its founding days, JFS has welcomed new immigrants and those in search of a safer life—free from violence and persecution. The organization continues to empower refugees to rebuild their lives through resettlement services, offers pro-bono immigration legal services, and provides safety to asylum seekers through humanitarian services and respite shelter.

Vehicle Donation

Since late 2011, CARS Nonprofit has provided turn-key vehicle donation processing services, assisting in fundraising for a diverse group of nonprofit partners under agreements whereby CARS Nonprofit and their nonprofit partners share the net proceeds from the sale of donated vehicles. CARS Nonprofit provided these services for over 3,400 and over 3,600 different nonprofits during the years ended June 30, 2023 and 2022, respectively. During fiscal 2021, CARS Nonprofit began offering similar services relating to the donation of real estate.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Jewish Family Service of San Diego, Rady JFS Foundation, JFS Foundation, LLC, JFS Holdings, LLC, 8788 Balboa Avenue, LLC, Hand Up Lending, LLC, Charitable Auto Resources, Inc., Charitable Adult Rides & Services, Inc., Capital City Auto Auction, Inc, Charitable Auto Recycling, Inc., Express Auto Auction, Inc., Polaris Mobility, Inc., and Public Auto Auction (Pontiac), LLC. Intercompany balances and transactions have been eliminated in consolidation.

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

The consolidated financial statements have been prepared in accordance with U.S. 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.

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.

Grants and Contracts Receivable

Grants and contracts receivables arise in the normal course of business when the Organization has met the terms and conditions of the contract or grant award and has billed for reimbursement. 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.

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Realized and unrealized gains and losses are included in the change in net assets 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.

Beneficial Interest in Endowment Funds

Beneficial interest in endowment funds are reported at fair value of the perpetual trust held by a third party and are measured using the fair value of the underlying assets of the trust.

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 – Quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.

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

Level 3 – Unobservable inputs for the investment.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. As a practical expedient, certain financial instruments may be valued using net asset value (NAV) per share. NAV is the amount of net assets attributable to each share of a pool investment at the end of the period.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

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.

Short-Term, Mid-Term, Long-Term, and Endowment Pool: Valued based on the underlying assets held by the Jewish Community Foundation.

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

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 nonderivative financial instruments at June 30, 2023 and 2022 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying consolidated statements of financial position.

Intangible Assets

Intangible assets consist of customer lists and goodwill. The customer lists were purchased from other car donation companies and other transportation logistics providers. The customer lists are being amortized using a straight-line method over the estimated useful life of seven 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 years ended June 30, 2023 and 2022.

Lease

In February 2016, Financial Accounting Standard Board (FASB) issued Accounting Standards Updates (ASU) 2016-02, Leases (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Organization adopted the requirements of the guidance effective June 30, 2023 and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

The standard had a material impact on the statements of financial position but did not have a material impact on the statements of activities, nor statements of cash flows. The most significant impact was the recognition of a ROU asset and a lease liability for operating leases.

ROU assets represent the Organization's right to use underlying assets for the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred, and the leases are not included as ROU assets and lease liabilities on the statement of financial position. The Organization has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of its ROU assets.

**JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease (Continued)

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgement.

As of June 30, 2022, in accordance with FASB ASC 840, the Organization records monthly rent expense equal to the total of the payments due over the lease term, divided by the number of months in the lease term. Effective July 1, 2022, the Organization adopted the requirements of the guidance in accordance with ASC 842.

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 three to seven 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

Charitable Vehicle Sales and Fees

The vehicle donation program earns revenue from contracts with charities and these revenues are accounted for under Topic 606, which the Organization adopted on July 1, 2020. The guidance was applied retrospectively to the contracts that were not completed as of the adoption date.

**JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Charitable Vehicle Sales and Fees (Continued)

The Organization's revenue is generated from the sale of vehicles and property donated to charities. The Organization works with various auction houses, some owned by the Organization and others owned by third parties. The auction houses recognize revenue when the fees are collected related to the sale. There are no continuing performance obligations related to this revenue source. For CARS Nonprofit, revenue is recognized when the auction house has sold the vehicle and communicated the sale price. CARS Nonprofit recognizes revenue for the administration of the sale based on negotiated percentages with each charity. Once the sale is complete, there are no further performance obligations for CARS Nonprofit.

Under Topic 606, accounts receivable represents unconditional rights to consideration from the auction houses and requires only the passage of time before payment of the consideration is collected. Accrued expense related to the sale of vehicles represent amounts due to the charities based on the negotiated rates. The June 30, 2023 and 2022 balances of accounts receivable are disclosed in the consolidated statement of financial position.

The Organization applied the standard's practical expedient that permits the omission of several disclosures related to receivables, contract assets, and contract liabilities.

There have been no changes in judgments used to determine the timing of the satisfaction of performance obligations or the transaction price and amounts allocated to performance obligations.

The Organization recognizes revenue from contracts with customers when its performance obligations are satisfied, regardless of the period in which it is billed. The Organization recognizes revenue at the point in time in which a car is sold at auction. This is the point in time in which the price becomes determinable and allocable to the Organization along with associated fees.

The opening and closing balance of CARS Nonprofit contract asset vehicle sales receivables are as follows:

Balance - July 1, 2021	\$ 2,622,121
Net Change	<u>205,762</u>
Balance - July 1, 2022	2,827,883
Net Change	<u>(41,552)</u>
Balance - June 30, 2023	<u><u>\$ 2,786,331</u></u>

**JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Government Contracts

Government contracts are conditioned upon performance requirements and/or the incurrence of allowable qualifying expenses, costs are incurred on the basis of direct costs plus allowable indirect expenses. Revenue recognized on government grants for which billings have not been presented to or collected from the awarding agency is included in grants receivable in the accompanying consolidated statements of financial position. Any amounts received in advance where conditions were not met as of year-end are included in unearned revenue in the accompanying consolidated statements of financial position.

Grants and Contributions

The Organization recognizes all unconditional contributed support in the period in which the commitment to give is made. Grants and contributions are considered revenue and support without donor restriction and available for general operations unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as having donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose of a restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from 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. Revenue recognized on unconditional grants that have been committed to the Organization but has not been received is reflected as grants receivable in the accompanying consolidated statements of financial position.

Program Revenue

Program revenue are amounts received from the various programs that are offered by the Organization at each service location. Program revenue is recorded at the point in time when the service has been provided to the client and payment is collected. At that time the amounts are known and there are no further performance obligations.

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.

**JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The consolidated 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 full time equivalent and usage and shared program expense is allocated to programs using total expense as the basis.

Income Taxes

JFS, Rady JFS Foundation, 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. HUL is not considered tax exempt for the state of California but is included in the federal tax filing of JFS. 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.

Capital City Auto Auction, Charitable Auto Recycling, Inc., Express Auto Auction and Polaris Mobility, Inc. are California corporations subject to federal and state income taxes on net earnings. These entities are calendar year-end tax filers, therefore estimated taxes due for the six months ended June 30, 2023 and 2022 have been accrued as of June 30, 2023 and 2022.

Estimates

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

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from board members, governmental agencies, and foundations supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by the Organization and the investment committee of the board of directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organizations.

Advertising

The Organization expenses the cost of advertising as incurred.

Subsequent Events

We have evaluated subsequent events through December 27, 2023, the date the consolidated 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. 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 subject to JFS Foundation board approval.

The organization also maintains two lines of credits, as further described in Note 12. As of June 30, 2023, the total outstanding balance was \$0. Accordingly, the remaining \$2,500,000 balance for the lines of credit could be used, if necessary.

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 LIQUIDITY AND AVAILABILITY OF ASSETS (CONTINUED)

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:

	<u>2023</u>	<u>2022</u>
Cash	\$ 35,749,490	\$ 17,573,525
Accounts and Contract Asset Receivables, Net	3,534,265	3,017,659
Grants and Contracts Receivable	7,653,097	8,781,968
Unconditional Promises to Give, Net	8,739,124	9,545,697
Investments	25,983,515	23,793,277
Other Assets	<u>79,070</u>	<u>70,996</u>
Financial Assets Available for Use	81,738,561	62,783,122
Less Assets Not Currently Available:		
Restricted Endowments	(409,696)	(385,298)
Board Designated Assets	(4,530,508)	(4,862,034)
Purpose Restricted	(2,607,960)	(2,846,349)
Unconditional Promises to Give to be Received After One Year	(7,102,853)	(11,199,543)
Unconditional Promises to Give With Purpose Restrictions in One Year	<u>(25,000)</u>	<u>(32,000)</u>
Total Assets Not Currently Available	<u>(14,676,017)</u>	<u>(19,325,224)</u>
Financial Assets Available for General Expenditure in the Next Year	<u>\$ 67,062,544</u>	<u>\$ 43,457,898</u>

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 GRANTS AND CONTRACTS RECEIVABLE

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

	<u>2023</u>	<u>2022</u>
Catholic Charities	\$ 3,418,723	\$ 4,805,829
County of San Diego	1,421,854	1,235,951
Riverside County Dept. of Public Social Services	581,802	-
California Department of Social Services	454,250	1,177,539
San Diego Association of Governments	339,562	428,239
County of Riverside	308,515	308,515
HIAS Hebrew Immigrant Aid Society	259,474	309,859
Conference on Jewish Material		
Claims Against Germany, Inc.	220,379	13,786
City of San Diego	204,875	188,125
California Department of Social Services	98,600	98,600
San Diego Regional Task Force on the Homeless	91,952	91,952
CA Department of Public Health	81,366	-
Hebrew Immigrant Aid Society	39,829	39,829
Other	31,511	31,511
State of CA Emergency Services	26,972	26,972
California Association	18,490	7,466
HIAS Border Fellow	14,889	-
Napa County Office of Education	14,844	14,844
Regional Task Force on the Homeless	12,259	-
Grossmont Healthcare District	10,000	-
County of Orange	2,951	2,951
Total Grants and Contracts Receivable	<u>\$ 7,653,097</u>	<u>\$ 8,781,968</u>

Grants and Contracts Receivable as of June 30, 2023 are expected to be fully collected during the year ending June 30, 2023.

NOTE 5 UNCONDITIONAL PROMISES TO GIVE

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

	<u>2023</u>	<u>2022</u>
Due in Less Than One Year	\$ 1,740,004	\$ 1,350,590
Due in One to Five Years	212,500	1,990,504
Due in Over Five Years	6,890,353	9,209,039
Subtotal	<u>8,842,857</u>	<u>12,550,133</u>
Less: Discount to Present Value		
(Rates Between 3.81% and 4.50%)	<u>(103,733)</u>	<u>(3,004,436)</u>
Total	<u>\$ 8,739,124</u>	<u>\$ 9,545,697</u>

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5 UNCONDITIONAL PROMISES TO GIVE (CONTINUED)

JFS entered into a matching agreement with a donor in April 2013. The agreement was amended in August 2016 and again in August 2018. Under the amended agreement, donor will match qualified gifts raised during challenge period, up to \$23,500,000. Challenge period is November 2016 through May 2023. Qualified gifts include outright endowment gifts, and payment made in satisfaction of written pledges and testamentary gifts. Payments on written pledges must be made by the 5-year anniversary of the end of the challenge period, by May 2028. Testamentary gifts written, binding or non-binding agreements stating donor's intent or agreement to make an endowment gift upon donor's death, providing that donor is at least seventy years old and gift is paid within twenty-five years after the end of the challenge period. JFS raised the amount and met the conditions during the year ended June 30, 2022. The present value of receivable is included in unconditional promises to give.

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.

The Organization maintains its investments at Jewish Community Foundation (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 in domestic and international equities, fixed income and real assets. The Long-Term Pool invests in domestic and international equities, fixed income and real assets consisting of REITS and/or commodities. The Endowment Pool invests in domestic and international equities, fixed income, real assets consisting of private real estate, REITS and/or commodities and multi-strategy investments including fund of funds investments.

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 INVESTMENTS (CONTINUED)

The following tables summarize assets measured at fair value by classifications within the fair value hierarchy:

	Assets at Fair Value as of June 30, 2023				
	Level 1	Level 2	Level 3	NAV	Total
Cash	\$ 831	\$ -	\$ -	\$ -	\$ 831
Common Stock	7	-	-	-	7
Mutual Funds	117,705	-	-	-	117,705
Fixed Income	135,924	-	-	-	135,924
Small Blend	53,624	-	-	-	53,624
Commodities ETF	23,108	-	-	-	23,108
Large Value ETF	15,308	-	-	-	15,308
Small Growth ETF	33,093	-	-	-	33,093
Investment Trusts	-	26,193	-	-	26,193
Short-Term Pool	-	-	-	15,245	15,245
Mid-Term Pool	-	-	-	1,844,089	1,844,089
Long-Term Pool	-	-	-	14,067,659	14,067,659
Endowment Pool	-	-	-	9,650,729	9,650,729
Total	<u>\$ 379,600</u>	<u>\$ 26,193</u>	<u>\$ -</u>	<u>\$ 25,577,722</u>	<u>\$ 25,983,515</u>

	Assets at Fair Value as of June 30, 2022				
	Level 1	Level 2	Level 3	NAV	Total
Cash	\$ 604	\$ -	\$ -	\$ -	\$ 604
Common Stock	725,168	-	-	-	725,168
Fixed Income	128,029	-	-	-	128,029
Small Blend	45,156	-	-	-	45,156
Large Blend	70,664	-	-	-	70,664
Commodities ETF	20,209	-	-	-	20,209
Small Growth ETF	26,790	-	-	-	26,790
Investment Trusts	-	25,650	-	-	25,650
Short-Term Pool	-	-	-	719,038	719,038
Mid-Term Pool	-	-	-	1,828,865	1,828,865
Long-Term Pool	-	-	-	12,923,376	12,923,376
Endowment Pool	-	-	-	7,279,728	7,279,728
Total	<u>\$ 1,016,620</u>	<u>\$ 25,650</u>	<u>\$ -</u>	<u>\$ 22,751,007</u>	<u>\$ 23,793,277</u>

The following tables list investments as of June 30, 2023 and 2022, measured at net asset value:

Fund Name	Fair Value 2023	Strategy	Unfunded Commitments	Redemption Terms	Redemption Restrictions
Jewish Community Foundation of San Diego	\$ 25,577,722	Diversified Private Equities	N/A - Full Commitment	Unrestricted	N/A

Fund Name	Fair Value 2022	Strategy	Unfunded Commitments	Redemption Terms	Redemption Restrictions
Jewish Community Foundation of San Diego	\$ 22,751,007	Diversified Private Equities	N/A - Full Commitment	Unrestricted	N/A

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 INVESTMENTS (CONTINUED)

For the years ended June 30, 2023 and 2022, investment return was comprised of the following:

	<u>2023</u>	<u>2022</u>
Interest and Dividends	\$ 745,348	\$ 515,252
Realized Gains, net	589,309	231,699
Unrealized Gains/(Losses), Net	2,102,428	(5,415,617)
Investment Fees	(150,993)	(75,849)
Total Investment Return	<u>\$ 3,286,092</u>	<u>\$ (4,744,515)</u>

NOTE 7 INVESTMENT IN KLA HOLDINGS, LLC

The Organization was a member of KLA Holdings, LLC (KLA) and maintained 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 accounted for using the equity method. As of June 30, the balances for KLA are as follows:

	<u>2023</u>	<u>2022</u>
Total Assets	\$ 158,139	\$ 142,160
Total Liabilities	-	169
Total Members' Equity	158,139	141,991
Net Income	16,148	17,004

The change in the investment in KLA is as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Beginning Investment	\$ 70,996	\$ 77,494
Distributions	-	(15,000)
Net Income	8,074	8,502
Total	<u>\$ 79,070</u>	<u>\$ 70,996</u>

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 INTANGIBLE ASSETS

Intangible assets consist of the following as of June 30:

	Balance at June 30, 2022	Additions	Balance at June 30, 2023
Customer Lists	\$ 1,488,605	\$ 55,664	\$ 1,544,269
Accumulated Amortization	(743,211)	(258,998)	(1,002,209)
Subtotal	745,394	(203,334)	542,060
Goodwill	511,227	-	511,227
Purchased Software	650,000	-	650,000
Total	<u>\$ 1,906,621</u>	<u>\$ (203,334)</u>	<u>\$ 1,703,287</u>

Amortization expense of these customer lists was \$258,998 and \$204,158 for the years ended June 30, 2023 and 2022, respectively.

Future amortization expense of the customer lists as of June 30, 2023 is as follows:

<u>Years Ended June 30,</u>	<u>Amount</u>
2024	\$ 222,128
2025	173,560
2026	112,007
2027	27,400
2028	3,484
Thereafter	3,481
Total	<u>\$ 542,060</u>

NOTE 9 LAND, BUILDINGS, AND EQUIPMENT

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

	2023	2022
Land	\$ 4,023,335	\$ 4,023,335
Buildings and Improvements	14,544,544	13,869,824
Furniture and Equipment	2,646,886	2,598,258
Software	4,521,321	3,571,857
Vehicles	1,681,982	1,583,018
Leasehold Improvements	199,261	146,395
Subtotal	27,617,329	25,792,687
Less: Accumulated Depreciation and Amortization	(10,922,006)	(9,613,357)
Land, Buildings, and Equipment, Net of Depreciation	16,695,323	16,179,330
Construction In Progress	196,982	504,032
Total Land, Buildings, and Equipment, Net of Depreciation	<u>\$ 16,892,305</u>	<u>\$ 16,683,362</u>

Depreciation expense was \$1,352,044 and \$1,381,325 for the years ended June 30, 2023 and 2022, respectively.

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 10 BENEFICIAL INTERESTS IN ENDOWMENT FUNDS

JFS has a beneficial interest in assets held by JFS Foundation, supporting organization of JCF. JFS is the beneficiary of the assets invested in JCF and the Comerica Bank which are managed in accordance with UPMIFA. Under the terms of the agreement, JCF will make regular distributions to JFS as determined by the board of directors.

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

	Assets at Fair Value as of June 30, 2023				
	Level 1	Level 2	Level 3	NAV	Total
Beneficial Interests in Endowment Funds	\$ -	\$ -	\$ 9,376,770	\$ -	\$ 9,376,770

	Assets at Fair Value as of June 30, 2022				
	Level 1	Level 2	Level 3	NAV	Total
Beneficial Interests in Endowment Funds	\$ -	\$ -	\$ 9,239,250	\$ -	\$ 9,239,250

The following table summarizes the activity for assets measured as fair value on a recurring basis using significant unobservable inputs (Level 3) as of June 30, 2023 and 2022:

	2023			
	Purchases	Sales	Transfers In	Transfers Out
Beneficial Interests in Endowment Funds	\$ -	\$ (649,415)	\$ -	\$ -

	2022			
	Purchases	Sales	Transfers In	Transfers Out
Beneficial Interests in Endowment Funds	\$ -	\$ (493,943)	\$ -	\$ -

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 11 NOTES PAYABLE

Notes payable consist of the following at June 30:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Notes payable for acquisition of Polaris Mobility in September 2021, interest only payments for three years and interest-free thereafter. Principal payments due after Polaris Mobility has achieve profitability and has cash reserves of \$100,000.	\$ 713,509	\$ 713,509
Note payable for the purchase of a customer list and various web sites, payable in quarterly installments based on collections from the underlying customers with no interest; the balance is not guaranteed to the seller.	78,101	87,792
Notes payable for acquisition of Express Auto Auction, payable in monthly installments of \$6,250 at 0% interest, due in September 2023.	6,250	81,250
Notes payable for 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.	19,672	51,511
Notes payable for the remodel of rented space, payable in monthly installments of \$857 at 6%, due June 2024.	9,961	19,325
Notes payable for the remodel of rented space, payable in monthly installments of \$830 at 6%, due August 2023.	1,648	11,195
Note Payable for advances made to Public Auto Auction (Pontiac), LLC by the organization providing management services to Pontiac under the terms of their Management Services Agreement, no formal terms as to the timing for repayment or for interest	32,500	-
Total	<u>\$ 861,641</u>	<u>\$ 964,582</u>

**JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 11 NOTES PAYABLE (CONTINUED)

Future maturities of the notes payable as of June 30, 2023 are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2024	\$ 40,166
2025	22,315
2026	22,315
2027	11,157
Thereafter	765,688
Total	<u>\$ 861,641</u>

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

NOTE 12 LINE OF CREDIT

In May 2022, the Organization entered into a \$2,000,000 line of credit with the bank. The line of credit bears interest rate at the greater of 2.5% or prime rate and matures on May 1, 2023. At June 30, 2023, there was no outstanding balance on this line of credit.

In May 2022, the Organization entered into a \$500,000 line of credit with the bank. The line of credit bears interest rate at the greater of 2.5% or prime rate plus .5%, and matures on May 1, 2023. At June 30, 2023, there was no outstanding balance on this line of credit.

NOTE 13 DEFERRED COMPENSATION

JFS has deferred compensation agreements with a former and current executive employees. The plan provides for annual contributions to investment accounts held at various financial institutions, set aside for this purpose. Contributions totaled \$47,468 and \$27,750 for the years ended June 30, 2023 and 2022, respectively, and are included in employee benefits in the consolidated statements of functional expenses. The accumulated deferred compensation payable due as of June 30, 2023 and 2022 is \$455,472 and \$408,004, respectively and is included in the consolidated statements of financial position.

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 14 NET ASSETS

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

	<u>2023</u>	<u>2022</u>
Reserve	\$ 1,308,445	\$ 1,822,184
Self Sufficiency Program	3,222,063	3,030,284
Other	-	9,566
Endowment	4,612,961	4,491,941
Total	<u>\$ 9,143,469</u>	<u>\$ 9,353,975</u>

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

	<u>2023</u>	<u>2022</u>
Purpose Restrictions:		
Subject to Expenditure for Specified Purpose:		
Basic Needs and Stability	\$ 946,960	\$ 2,355,067
Welcome the Stranger	1,513,153	343,435
Hebrew Free Loan Assistance	147,847	147,847
Total	<u>2,607,960</u>	<u>2,846,349</u>
Subject to Appropriation of Endowment Spending Policy:		
Basic Needs and Stability	126,508	105,530
Other	93,478	72,133
General Use	525,072	417,034
Total	<u>745,058</u>	<u>594,697</u>
Time Restricted for Future Periods:		
Promises to Give, Proceeds from Which		
Have Been Restricted by Donors:		
Basic Needs and Stability	125,000	157,000
Subject to Passage of Time	8,614,124	9,388,697
Total	<u>8,739,124</u>	<u>9,545,697</u>
Perpetual in Nature:		
Basic Needs and Stability	651,154	651,154
Other	265,000	265,000
General Use	3,512,293	3,621,756
Total	<u>4,428,447</u>	<u>4,537,910</u>
Net Assets With Donor Restrictions	<u>\$ 16,520,589</u>	<u>\$ 17,524,653</u>

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 14 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:

	2023	2022
Net Asset Releases:		
Basic Needs and Stability	\$ 760,017	\$ 3,158,139
Welcome the Stranger	2,166,236	2,470,910
Other	18,703	23,738
General Use	371,969	216,760
Time Restricted	1,416,564	1,589,466
Total	\$ 4,733,489	\$ 7,459,013

NOTE 15 ENDOWMENT

The Organization's endowment consists of individual funds established for a variety of purposes. As required by U.S. GAAP, 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

**JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 15 ENDOWMENT (CONTINUED)

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 was one fund with such deficiencies as of June 30, 2023 and 2022.

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

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, supporting organization of JCF of which JFS is the beneficiary of the assets, 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 net assets with perpetual nature 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

**JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 15 ENDOWMENT (CONTINUED)

Beneficial Interests in Endowment Funds (Continued)

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:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 4,612,961	\$ -	\$ 4,612,961
Donor-Designated Funds:			
Original Donor-Restricted Gift			
Amount Required to be			
Maintained in Perpetuity by Donor	-	4,638,705	4,638,705
Underwater Endowments	-	(210,258)	(210,258)
Accumulated Investment Gains	-	745,058	745,058
Total	\$ 4,612,961	\$ 5,173,505	\$ 9,786,466
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 4,491,941	\$ -	\$ 4,491,941
Donor-Designated Funds:			
Original Donor-Restricted Gift			
Amount Required to be			
Maintained in Perpetuity by Donor	-	4,593,370	4,593,370
Underwater Endowments	-	(55,460)	(55,460)
Accumulated Investment Gains	-	594,697	594,697
Total	\$ 4,491,941	\$ 5,132,607	\$ 9,624,548

**JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 15 ENDOWMENT (CONTINUED)

Beneficial Interests in Endowment Funds (Continued)

Changes in endowment net assets are as follows as of June 30:

	2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets -			
Beginning of Year	\$ 4,491,941	\$ 5,132,607	\$ 9,624,548
Contributions	-	45,336	45,336
Appropriated Expenditures	(240,193)	(430,596)	(670,789)
Investment Return, Net	361,213	426,158	787,371
Endowment Net Assets - End of Year	<u>\$ 4,612,961</u>	<u>\$ 5,173,505</u>	<u>\$ 9,786,466</u>
	2022		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets -			
Beginning of Year	\$ 5,271,106	\$ 6,054,996	\$ 11,326,102
Appropriated Expenditures	(239,976)	(275,251)	(515,227)
Investment Return, Net	(539,189)	(647,138)	(1,186,327)
Endowment Net Assets - End of Year	<u>\$ 4,491,941</u>	<u>\$ 5,132,607</u>	<u>\$ 9,624,548</u>

NOTE 16 RETIREMENT PLAN

JFS has established a 401(k)-retirement plan (the 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 years ended June 30, 2023 and 2022. Employees are eligible to participate in JFS's contribution if they are 21 years of age and have completed one year of service and 975 hours of service during the Plan year. The Organization contributed \$1,157,965 and \$820,906 to the Plan for the years ended June 30, 2023 and 2022, respectively.

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 17 COMMITMENTS

Facility Operating Leases

JFS leases office facilities under lease agreements expiring through fiscal year 2027. Rent expense totaled \$1,881,122 and \$1,881,122 for the years ended June 30, 2023 and 2022, respectively.

CARS Nonprofit leases office facilities under a lease agreement that expires in fiscal year 2027. Rent expense totaled \$242,271 and \$232,792 for the years ended June 30, 2023 and 2022, respectively. CARS Nonprofit leases equipment under a lease agreement that expires in fiscal year 2026. Rent expense totaled \$40,473 and \$40,092 for the years ended June 30, 2023 and 2022, respectively.

CCAA rents land and buildings under lease agreements through fiscal year 2024. For the years ended June 30, 2023 and 2022, rent expense totaled \$348,841 and \$348,841. The general manager for CCAA has a 21.4% interest in APG Properties, LLC that CCAA rented property from during the years ended June 30, 2023 and 2022. 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.

Charitable Auto Recycling, Inc. leases space from KLA Holdings, a related party, under a lease agreement that expires in fiscal year 2024. For the years ending June 30, 2023 and 2022, rent expense totaled \$46,483 and \$44,726, respectively.

Express rents land under a lease agreement expiring November 2031. For the years ending June 30, 2023 and 2022, rent expense totaled \$249,721 and \$259,038, respectively.

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 17 COMMITMENTS (CONTINUED)

Facility Operating Leases (Continued)

The following table provides quantitative information concerning the Organization's leases.

Lease Cost:

Finance Lease Cost - Interest on Lease Liabilities	\$ 2,345
Operating Lease Cost	1,227,909
Total Lease Costs	<u>\$ 1,230,253</u>

Other Information:

Cash Paid for Amounts Included in the

Measurement of Lease Liabilities:

Operating Cash Flows from Finance Leases	\$ 2,345
Operating Cash Flows from Operating Lease	\$ 1,142,340
Financing Cash Flows from Finance Leases	\$ 32,435
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	\$ -
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 6,545,435
Weighted-Average Remaining Lease Term - Finance Leases	0.5 Years
Weighted-Average Remaining Lease Term - Operating Leases	4.9 Years
Weighted-Average Discount Rate - Finance Leases	7.00%
Weighted-Average Discount Rate - Operating Lease	4.21%

A maturity analysis of annual discounted cash flows for leases liabilities as of June 30, 2023, is as follows:

<u>Years Ending June 30,</u>	<u>Operating Leases</u>	<u>Finance Leases</u>	<u>Totals</u>
2024	\$ 1,357,643	\$ 17,211	\$ 1,374,854
2025	1,321,723	-	1,321,723
2026	1,305,397	-	1,305,397
2027	983,344	-	983,344
2028	615,274	-	615,274
Thereafter	648,379	-	648,379
Undiscounted Cash Flows	6,231,760	17,211	6,248,971
Less: Imputed Interest	(611,792)	(293)	(612,085)
Total Present Value	<u>\$ 5,619,968</u>	<u>\$ 16,918</u>	<u>\$ 5,636,886</u>

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 18 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 years ended June 30, 2023 and 2022, one and two agencies accounted for 50% and 69%, respectively, of total grants receivable. For the years ended June 30, 2023 and 2022, two donors donor accounted for 86%, respectively, of total unconditional promises to give. For the years ended June 30, 2023 and 2022, three agencies and one agency accounted for 68% and 44%, respectively, of total grant revenue. For the year ended June 30, 2022, two donors accounted for 43% of total contribution revenue.

NOTE 19 RELATED PARTY

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

REQUIRED SUPPLEMENTARY INFORMATION



**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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Jewish Family Service of San Diego (JFS), a nonprofit California public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows, for the year then ended, the related notes to the consolidated financial statements, and have issued our report thereon dated December 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered JFS's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of JFS's internal control. Accordingly, we do not express an opinion on the effectiveness of JFS'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 consolidated 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.

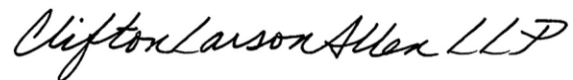
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-01 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the JFS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Pasadena, California
December 27, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED
BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Jewish Family Service of San Diego's (JFS) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of JFS's major federal programs for the year ended June 30, 2023. JFS's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, JFS complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of JFS and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of JFS's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to JFS's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on JFS's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about JFS's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding JFS's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of JFS's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of JFS's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is 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.

Report on Internal Control Over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of JFS as of and for the year ended June 30, 2023, and have issued our report thereon dated December 27, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Pasadena, California
December 27, 2023

**JEWISH FAMILY SERVICE OF SAN DIEGO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture			
SNAP Cluster:			
State Admin Matching Grants for the Supplemental Nutrition Assistance Program:			
Pass-Through Cal Fresh Outreach Program	10.561	\$ -	\$ 29,722
Total U.S. Department of Agriculture		-	29,722
U.S. Department of Housing and Urban Development			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants Cluster:			
Pass-Through City of Poway	14.218	-	406,172
COVID-19 Emergency Solutions Grant:			
Pass-Through County of Riverside	14.231	-	76,344
Continuum of Care Program:			
Pass-Through Riverside County Department of Public Social Service	14.267	-	2,962,355
Total U.S. Department of Housing and Urban Development		-	3,444,871
U.S. Department of State			
U.S. Refugee Admissions Program:			
Pass-Through Hebrew Immigrant Aid Society	19.510	-	996,989
Total U.S. Department of State		-	996,989
U.S. Department of Transportation			
Transit Services Programs Cluster:			
Enhanced Mobility of Seniors and Individuals with Disabilities:			
Pass-Through San Diego Association of Governments	20.513	-	576,159
Total U.S. Department of Transportation		-	576,159
U.S. Department of the Treasury			
Social Impact Partnerships to Pay for Results Act (SIPPPRA)			
Pass-Through County of San Diego	21.027	-	490,866
Total U.S. Department of the Treasury		-	490,866
U.S. Department of Health and Human Services			
Aging Cluster:			
Special Programs for the Aging, Title III, Part B,			
Pass-Through County of San Diego	93.044	-	5,856
CARES Act for Nutrition Services Under Title III-C of the Older Americans Act:			
Pass-Through County of San Diego	93.045	-	1,875,026
Nutrition Services Incentive Program:			
Pass-Through County of San Diego	93.053	-	60,692
Total Aging Cluster		-	1,941,574
477 Cluster:			
Community Services Block Grant:			
Pass-Through County of San Diego	93.569	-	292,964
Total Community Services Block Grant Cluster		-	292,964

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**JEWISH FAMILY SERVICE OF SAN DIEGO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services (Continued)			
Special Programs for the Aging, title IV and Title II, Discretionary Projects: Pass-Through Project Connect	93.048	\$ -	\$ 87,518
National Family Caregiver Support, Title III, Part E: Pass-Through County of San Diego	93.052	-	199,644
Refugee and Entrant Assistance State/Replacement Designee Administered Programs: Pass-Through California Department of Social Services	93.566	-	77,217
Refugee and Entrant Assistance Voluntary Agency Programs: Pass-Through Hebrew Immigrant Aid Society	93.567	-	28,305
Refugee and Entrant Assistance, Discretionary Grants: Pass-Through Hebrew Immigrant Aid Society	93.576	-	880,065
Refugee and Entrant Assistance Targeted Assistance Grants: Pass-Through Catholic Charities	93.584	-	315,075
Stephanie Tubbs Jones Child Welfare Services Program: Pass-Through County of San Diego	93.645	-	77,625
Behavioral Health Services - Substance Abuse Prevention and Treatment Block Grant: Pass-Through County of San Diego	93.959	-	349,464
Material and Child Health Services Block Grant to the States: Pass-Through State of California	93.994	-	370,064
Total U.S. Department of Health and Human Services		-	4,619,515
Corporation of National and Community Service			
AmeriCorps State and National 94.006: Pass-Through Napa County Office of Education	94.006	-	7,448
Total Corporation of National and Community Service		-	7,448
U.S. Department of Homeland Security			
Nonprofit Security Program: Pass-Through California Governor's Office of Emergency Services	97.008	-	76,483
Emergency Food and Shelter Program (EFSP): Pass-Through Catholic Charities	97.024	-	21,644,313
Pass-Through Riverside County	97.024	-	127,936
Total Emergency Food and Shelter Program (EFSP)		-	21,772,249
Total U.S. Department of Homeland Security		-	21,848,732
Total Expenditures of Federal Awards		\$ -	\$ 32,014,302

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

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, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 will use the 10% de minimis indirect cost rate for federal contracts that do not have a negotiated rate.

**JEWISH FAMILY SERVICE OF SAN DIEGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
97.024	Emergency Food and Shelter National Board Program

- Dollar threshold used to distinguish between Type A and Type B programs: \$ \$960,504
- Auditee qualified as low-risk auditee? x yes _____ no

**JEWISH FAMILY SERVICE OF SAN DIEGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

Significant Deficiency

2023-01 Employee Retention Credit Eligibility

Condition: A subsidiary of JFS applied for, received, and deposited the Employee Retention Credit (ERC) during the year ended June 30, 2023. The subsidiary was ineligible to apply for ERC as a stand-alone entity, as it is part of a controlled group.

Criteria: Per Internal Revenue Code (IRC) Section 3134, All entities within a controlled group must calculate their ERC as a single entity.

Cause: There are no procedures in place requiring JFS subsidiaries to inform and obtain JFS management approval when applying for tax credits.

Effect: As a result of the audit process the ineligible claim was discovered and an audit adjustment proposed and booked to reclassify the amount received as a liability on the financial statements for the year ended June 30, 2023.

Recommendation: Procedures should be in place that require all subsidiaries to inform and obtain JFS management approval before proceeding with any government tax credit, funding, contract or audit to ensure compliance with applicable laws and regulations, and to minimize any potential impact on JFS.

Views of Responsible Officials and Planned Corrective Actions: JFS agrees with the finding and the recommended procedures have been implemented.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

SUPPLEMENTARY INFORMATION

JEWISH FAMILY SERVICE OF SAN DIEGO
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION
JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Jewish Family Service of San Diego	Rady JFS Foundation	JFS Holdings, LLC	8788 Balboa Avenue, LLC	CARS, Inc. & Subsidiaries	Eliminations	Consolidated
ASSETS							
Cash	\$ 31,661,851	\$ -	\$ -	\$ -	\$ 4,087,639	\$ -	\$ 35,749,490
Accounts Receivable, Net	850,656	-	-	-	-	(102,722)	747,934
Contract Asset Vehicle Sales Receivables, Net	-	-	-	-	3,194,083	(407,752)	2,786,331
Grants and Contracts Receivable	7,653,097	-	-	-	-	-	7,653,097
Unconditional Promises to Give, Net	8,739,124	-	-	-	-	-	8,739,124
Investments	16,623,448	9,360,067	-	-	-	-	25,983,515
Investment in KLA Holdings, LLC	-	-	-	-	79,070	-	79,070
Prepaid Expenses and Other Assets	6,826,906	-	-	-	542,447	-	7,369,353
Intangible Assets	-	-	-	-	1,703,287	-	1,703,287
Intercompany Receivables	7,483,051	23,988	25,936	-	1,327,638	(8,860,613)	-
Related Party Receivables	499	-	-	-	20,000	-	20,499
Right-of-Use Asset - Operating	2,013,422	-	-	-	3,520,977	-	5,534,399
Investment in Subsidiaries	5,270,921	-	-	-	620,929	(5,891,850)	-
Land, Buildings, and Equipment, Net	2,899,550	-	6,026,899	4,929,523	3,036,333	-	16,892,305
Beneficial Interests in Endowment Funds	9,376,770	-	-	-	-	-	9,376,770
	<u>\$ 99,399,295</u>	<u>\$ 9,384,055</u>	<u>\$ 6,052,835</u>	<u>\$ 4,929,523</u>	<u>\$ 18,132,403</u>	<u>\$ (15,262,937)</u>	<u>\$ 122,635,174</u>
LIABILITIES AND NET ASSETS							
LIABILITIES							
Accounts Payable	\$ 1,651,902	\$ -	\$ -	\$ -	\$ 1,167,133	\$ (120,375)	\$ 2,698,660
Accrued Expenses	4,692,011	-	-	-	4,575,907	(244,116)	9,023,802
Intercompany Payables	(3,424,185)	-	6,052,835	4,929,523	1,302,440	(8,860,613)	-
Refundable Grant Advances	23,815,826	-	-	-	499,794	-	24,315,620
Lease Liability - Operating	2,045,682	-	-	-	3,574,286	-	5,619,968
Lease Liability - Financing	-	-	-	-	16,918	-	16,918
Notes Payable	-	-	-	-	1,105,453	(243,812)	861,641
Deferred Compensation	455,472	-	-	-	-	-	455,472
Total Liabilities	<u>29,236,708</u>	<u>-</u>	<u>6,052,835</u>	<u>4,929,523</u>	<u>12,241,931</u>	<u>(9,468,916)</u>	<u>42,992,081</u>
NET ASSETS							
Without Donor Restrictions:							
Operating	44,783,759	9,098,825	-	-	5,890,472	(5,794,021)	53,979,035
Board-Designated	9,143,469	-	-	-	-	-	9,143,469
Total Without Donor Restrictions	<u>53,927,228</u>	<u>9,098,825</u>	<u>-</u>	<u>-</u>	<u>5,890,472</u>	<u>(5,794,021)</u>	<u>63,122,504</u>
With Donor Restrictions	16,235,359	285,230	-	-	-	-	16,520,589
Total Net Assets	<u>70,162,587</u>	<u>9,384,055</u>	<u>-</u>	<u>-</u>	<u>5,890,472</u>	<u>(5,794,021)</u>	<u>79,643,093</u>
Total Liabilities and Net Assets	<u>\$ 99,399,295</u>	<u>\$ 9,384,055</u>	<u>\$ 6,052,835</u>	<u>\$ 4,929,523</u>	<u>\$ 18,132,403</u>	<u>\$ (15,262,937)</u>	<u>\$ 122,635,174</u>

JEWISH FAMILY SERVICE OF SAN DIEGO
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION
JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Jewish Family Service of San Diego	Rady JFS Foundation	JFS Holdings, LLC	8788 Balboa Avenue, LLC	CARS, Inc. & Subsidiaries	Eliminations	Consolidated
ASSETS							
Cash	\$ 12,895,247	\$ -	\$ -	\$ -	\$ 4,678,278	\$ -	\$ 17,573,525
Accounts Receivable, Net	270,444	-	-	-	-	(80,668)	189,776
Contract Asset Vehicle Sales Receivables, Net	-	-	-	-	2,827,883	-	2,827,883
Grants and Contracts Receivable	8,781,968	-	-	-	-	-	8,781,968
Unconditional Promises to Give, Net	9,545,697	721,996	-	-	-	(721,996)	9,545,697
Investments	16,513,549	7,279,728	-	-	-	-	23,793,277
Investment in KLA Holdings, LLC	-	-	-	-	70,996	-	70,996
Prepaid Expenses and Other Assets	1,657,233	-	-	-	400,217	-	2,057,450
Intangible Assets	-	-	-	-	1,906,621	-	1,906,621
Intercompany Receivables	15,846,539	(6,650)	25,936	-	806,103	(16,671,928)	-
Related Party Receivables	9,160	-	-	-	20,000	-	29,160
Investment in Subsidiaries	5,891,854	-	-	-	761,503	(6,653,357)	-
Land, Buildings, and Equipment, Net	2,788,451	-	6,338,127	5,103,705	2,453,079	-	16,683,362
Beneficial Interests in Endowment Funds	9,239,250	-	-	-	-	-	9,239,250
	<u>\$ 83,439,392</u>	<u>\$ 7,995,074</u>	<u>\$ 6,364,063</u>	<u>\$ 5,103,705</u>	<u>\$ 13,924,680</u>	<u>\$ (24,127,949)</u>	<u>\$ 92,698,965</u>
LIABILITIES AND NET ASSETS							
LIABILITIES							
Accounts Payable	\$ 856,173	\$ -	\$ -	\$ -	\$ 1,039,299	\$ (80,668)	\$ 1,814,804
Line of Credit	50,000	-	-	-	-	-	50,000
Accrued Expenses	4,997,098	4,785	-	-	4,454,100	(721,996)	8,733,987
Intercompany Payables	4,411,272	-	6,364,063	5,103,705	792,888	(16,671,928)	-
Refundable Grant Advances	2,828,827	-	-	-	-	-	2,828,827
Notes Payable	-	-	-	-	986,073	(21,491)	964,582
Deferred Compensation	408,004	-	-	-	-	-	408,004
Total Liabilities	<u>13,551,374</u>	<u>4,785</u>	<u>6,364,063</u>	<u>5,103,705</u>	<u>7,272,360</u>	<u>(17,496,083)</u>	<u>14,800,204</u>
NET ASSETS							
Without Donor Restrictions:							
Operating	43,280,930	7,718,749	-	-	6,652,320	(6,631,866)	51,020,133
Board-Designated	9,353,975	-	-	-	-	-	9,353,975
Total Without Donor Restrictions	<u>52,634,905</u>	<u>7,718,749</u>	<u>-</u>	<u>-</u>	<u>6,652,320</u>	<u>(6,631,866)</u>	<u>60,374,108</u>
With Donor Restrictions	17,253,113	271,540	-	-	-	-	17,524,653
Total Net Assets	<u>69,888,018</u>	<u>7,990,289</u>	<u>-</u>	<u>-</u>	<u>6,652,320</u>	<u>(6,631,866)</u>	<u>77,898,761</u>
Total Liabilities and Net Assets	<u>\$ 83,439,392</u>	<u>\$ 7,995,074</u>	<u>\$ 6,364,063</u>	<u>\$ 5,103,705</u>	<u>\$ 13,924,680</u>	<u>\$ (24,127,949)</u>	<u>\$ 92,698,965</u>

**JEWISH FAMILY SERVICE OF SAN DIEGO
CONSOLIDATING SCHEDULES OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

	Jewish Family Service of San Diego			Rady JFS Foundation			CARS, Inc. & Subsidiaries	Elimination	Consolidated
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions		
SUPPORT AND REVENUE									
Charitable Vehicle Sales and Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,221,845	\$ (447,052)	\$ 27,774,793
Government Contracts	47,933,339	-	47,933,339	-	-	-	-	-	47,933,339
Grants and Contributions	13,935,623	3,249,083	17,184,706	-	-	-	-	(362,605)	16,822,101
Investment Return	1,901,934	449,160	2,351,094	895,742	31,182	926,924	8,074	-	3,286,092
Program Revenue	7,851,066	-	7,851,066	-	-	-	-	(205,988)	7,645,078
Fees and Other Revenue	144,847	-	144,847	-	-	-	200,879	(1,093)	344,633
Income from Subsidiary	4,830,839	-	4,830,839	-	-	-	583,706	(5,414,545)	-
Net Assets Released from Restrictions	4,715,997	(4,715,997)	-	17,492	(17,492)	-	-	-	-
Total Support and Revenue	81,313,645	(1,017,754)	80,295,891	913,234	13,690	926,924	29,014,504	(6,431,283)	103,806,036
EXPENSES									
Program Services:									
Welcome The Stranger	35,041,493	-	35,041,493	-	-	-	-	-	35,041,493
Basic Needs and Stability	32,618,986	-	32,618,986	-	-	-	-	-	32,618,986
Grants to JFS	-	-	-	294,605	-	294,605	-	(294,605)	-
Vehicle Donation	-	-	-	-	-	-	24,561,866	(5,942,862)	18,619,004
Total Program Services	67,660,479	-	67,660,479	294,605	-	294,605	24,561,866	(6,237,467)	86,279,483
Supporting Services:									
General and Administrative	6,774,396	-	6,774,396	3,150	-	3,150	1,952,652	(237,380)	8,492,818
Fundraising	4,821,850	-	4,821,850	-	-	-	2,537,553	(70,000)	7,289,403
Total Supporting Services	11,596,246	-	11,596,246	3,150	-	3,150	4,490,205	(307,380)	15,782,221
Total Expenses	79,256,725	-	79,256,725	297,755	-	297,755	29,052,071	(6,544,847)	102,061,704
NONOPERATING INCOME (EXPENSE)									
Transfers of Assets	(764,597)	-	(764,597)	764,597	-	764,597	-	-	-
CHANGE IN NET ASSETS	1,292,323	(1,017,754)	274,569	1,380,076	13,690	1,393,766	(37,567)	113,564	1,744,332
Net Assets - Beginning of Year	52,634,905	17,253,113	69,888,018	7,718,749	271,540	7,990,289	6,652,320	(6,631,866)	77,898,761
Profit Distributions	-	-	-	-	-	-	(724,281)	724,281	-
NET ASSETS - END OF YEAR	<u>\$ 53,927,228</u>	<u>\$ 16,235,359</u>	<u>\$ 70,162,587</u>	<u>\$ 9,098,825</u>	<u>\$ 285,230</u>	<u>\$ 9,384,055</u>	<u>\$ 5,890,472</u>	<u>\$ (5,794,021)</u>	<u>\$ 79,643,093</u>

**JEWISH FAMILY SERVICE OF SAN DIEGO
CONSOLIDATING SCHEDULES OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	Jewish Family Service of San Diego			Rady JFS Foundation			CARS, Inc. & Subsidiaries	Elimination	Consolidated
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions		
SUPPORT AND REVENUE									
Charitable Vehicle Sales and Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,164,469	\$ (23,293)	\$ 30,141,176
Government Contracts	37,194,463	-	37,194,463	-	-	-	-	-	37,194,463
Grants and Contributions	15,536,775	12,627,995	28,164,770	-	-	-	-	(282,097)	27,882,673
Investment Return	(3,019,136)	(689,027)	(3,708,163)	(998,629)	(46,225)	(1,044,854)	8,502	-	(4,744,515)
Program Revenue	4,508,630	-	4,508,630	-	-	-	-	(155,752)	4,352,878
Paycheck Protection Program Loan Forgiveness	2,956,800	-	2,956,800	-	-	-	-	-	2,956,800
Fees and Other Revenue	138,350	-	138,350	-	-	-	37,840	-	176,190
Income from Subsidiary	9,004,758	-	9,004,758	-	-	-	929,564	(9,934,322)	-
Net Assets Released from Restrictions	7,449,935	(7,449,935)	-	9,078	(9,078)	-	-	-	-
Total Support and Revenue	73,770,575	4,489,033	78,259,608	(989,551)	(55,303)	(1,044,854)	31,140,375	(10,395,464)	97,959,665
EXPENSES									
Program Services:									
Welcome The Stranger	27,543,029	-	27,543,029	-	-	-	-	-	27,543,029
Basic Needs and Stability	25,736,447	-	25,736,447	-	-	-	-	-	25,736,447
Grants to JFS	-	-	-	207,097	-	207,097	-	(207,097)	-
Vehicle Donation	-	-	-	-	-	-	25,864,263	(8,959,537)	16,904,726
Total Program Services	53,279,476	-	53,279,476	207,097	-	207,097	25,864,263	(9,166,634)	70,184,202
Supporting Services:									
General and Administrative	4,980,976	-	4,980,976	6,650	-	6,650	1,778,253	-	6,765,879
Fundraising	3,882,293	-	3,882,293	-	-	-	2,323,576	(75,000)	6,130,869
Total Supporting Services	8,863,269	-	8,863,269	6,650	-	6,650	4,101,829	(75,000)	12,896,748
Total Expenses	62,142,745	-	62,142,745	213,747	-	213,747	29,966,092	(9,241,634)	83,080,950
NONOPERATING INCOME (EXPENSE)									
Transfers of Assets	(2,866,128)	(77,285)	(2,943,413)	2,866,128	77,285	2,943,413	-	-	-
CHANGE IN NET ASSETS	8,761,702	4,411,748	13,173,450	1,662,830	21,982	1,684,812	1,174,283	(1,153,830)	14,878,715
Net Assets - Beginning of Year	43,873,203	12,841,365	56,714,568	6,055,919	249,558	6,305,477	6,521,803	(6,521,802)	63,020,046
Profit Distributions	-	-	-	-	-	-	(1,044,766)	1,044,766	-
Equity Contribution	-	-	-	-	-	-	1,000	(1,000)	-
NET ASSETS - END OF YEAR	<u>\$ 52,634,905</u>	<u>\$ 17,253,113</u>	<u>\$ 69,888,018</u>	<u>\$ 7,718,749</u>	<u>\$ 271,540</u>	<u>\$ 7,990,289</u>	<u>\$ 6,652,320</u>	<u>\$ (6,631,866)</u>	<u>\$ 77,898,761</u>



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