JEWISH FAMILY AND CHILDREN'S SERVICE, INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
SUPPLEMENTARY INFORMATION AND
SINGLE AUDIT REPORTS

YEARS ENDED SEPTEMBER 30, 2023 AND 2022

JEWISH FAMILY AND CHILDREN'S SERVICE, INC.
AND SUBSIDIARIES
TABLE OF CONTENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Jewish Family and Children's Service, Inc.
and Subsidiaries
Phoenix, Arizona

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Jewish Family and Children's Service, Inc. and Subsidiaries, 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 consolidated financial position of Jewish Family and Children's Service, Inc. and Subsidiaries, 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 audits 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 Consolidated Financial Statements section of our report. We are required to be independent of Jewish Family and Children's Service, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Restatement

As discussed in Note 20 to the consolidated financial statements, a classification error occurred reporting net assets with donor restrictions and net assets as without donor restrictions. Accordingly, prior year ending net assets with donor restrictions and current year beginning net assets with donor restrictions were overstated by a total of $480,671, and net assets without donor restrictions were understated by the same amount. Our opinion is not modified with respect to that matter.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, Jewish Family and Children's Service, Inc. and Subsidiaries 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 Consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 and Children's Service, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated 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 consolidated 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 consolidated 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 consolidated 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 and Children's Service, Inc.'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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jewish Family and Children's Service, Inc.'s ability to continue as a going concern for a reasonable period of time.

Board of Directors
Jewish Family and Children's Service, Inc.
and Subsidiaries

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2024, on our consideration of Jewish Family and Children's Service, Inc.'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 the Jewish Family and Children's Service, Inc.'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 and Children's Service, Inc.'s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
March 21, 2024

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022

	2023	2022 (Restated)
ASSETS		
Cash and Cash Equivalents	$ 5,306,549	$ 7,166,036
Investments	5,351,060	12,485,941
Receivables, Net	4,609,067	5,131,812
Pledges Receivable, Net	440,503	466,050
Prepaid Expenses and Other Assets	527,598	589,941
Deposits	162,852	166,689
Operating Right-of-Use-Asset	10,532,082	-
Financing Right-of-Use Asset	278,081	-
Property and Equipment, Net	14,222,536	14,930,112
Total Assets	$ 41,430,328	$ 40,936,581
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 363,951	$ 331,276
Accrued Expenses and Other Liabilities	2,000,607	2,012,311
Accrued Compensated Absences	1,172,185	1,081,653
Deferred Revenue	726,810	7,330,716
Deferred Rent	-	4,041,177
Lease Liability - Operating	14,372,108	-
Lease Liability - Financing	283,937	-
Notes Payable	4,351,566	4,502,105
Total Liabilities	23,271,164	19,299,238
NET ASSETS		
Without Donor Restrictions:		
Board-Designated	512,710	480,671
Undesignated	15,565,921	18,450,708
Total Without Donor Restrictions	16,078,631	18,931,379
With Donor Restrictions	2,080,533	2,705,964
Total Net Assets	18,159,164	21,637,343
Total Liabilities and Net Assets	$ 41,430,328	$ 40,936,581

See accompanying Notes to Consolidated Financial Statements.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023
(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Totals 2023	Totals 2022
SUPPORT, REVENUES, AND OTHER GAINS				
Support:				
Government and Contracts	$ 39,433,299	$ -	$ 39,433,299	$ 33,433,546
Grants	2,962,648	-	2,962,648	3,047,307
Contributions	2,924,165	444,718	3,368,883	4,073,147
Donated Goods and Services	810,875	-	810,875	513,622
Special Events, Net of Direct Benefit to Donors	684,758	-	684,758	688,973
Total Support	46,815,745	444,718	47,260,463	41,756,595
Revenues and Other Gains:				
Client Program Fees	32,109	-	32,109	24,157
Management Services	19,452	-	19,452	16,263
Investment Income	301,154	45,382	346,536	23,394
Miscellaneous Income	307,252	-	307,252	2,299,944
Total Revenues and Other Gains	659,967	45,382	705,349	2,363,758
Net Assets Released from Restrictions	1,115,531	(1,115,531)	-	-
Total Support, Revenues, and Other Gains	48,591,243	(625,431)	47,965,812	44,120,353
FUNCTIONAL EXPENSES				
Program Services:				
Integrated Health Services	32,422,887	-	32,422,887	27,090,616
Child and Family Solutions	3,472,091	-	3,472,091	3,381,254
Older Adults	778,140	-	778,140	692,285
Jewish Community Services	329,274	-	329,274	325,372
Sojourner Center	5,369,131	-	5,369,131	4,687,304
Total Program Services	42,371,523	-	42,371,523	36,176,831
Supporting Services:				
Management Services	17,232	-	17,232	91,210
Management and General	6,349,892	-	6,349,892	6,047,906
Fundraising	2,239,126	-	2,239,126	1,417,336
Twenty Thirty Three	466,218	-	466,218	475,897
Total Supporting Services	9,072,468	-	9,072,468	8,032,349
Total Functional Expenses	51,443,991	-	51,443,991	44,209,180
CHANGES IN NET ASSETS	(2,852,748)	(625,431)	(3,478,179)	(88,827)
Net Assets - Beginning of Year, As Restated	18,931,379	2,705,964	21,637,343	21,726,170
NET ASSETS - END OF YEAR	$ 16,078,631	$ 2,080,533	$ 18,159,164	$ 21,637,343

See accompanying Notes to Consolidated Financial Statements.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUES, AND OTHER GAINS			
Support:			
Government and Contracts	$ 33,433,546	$ -	$ 33,433,546
Grants	3,047,307	-	3,047,307
Contributions	2,407,186	1,665,961	4,073,147
Donated Goods and Services	513,622	-	513,622
Special Events, Net of Direct Benefit to Donors	688,973	-	688,973
Total Support	40,090,634	1,665,961	41,756,595
Revenues and Other Gains (Losses):			
Client Program Fees	24,157	-	24,157
Management Services	16,263	-	16,263
Investment Income	82,423	(59,029)	23,394
Miscellaneous Income	2,299,944	-	2,299,944
Total Revenues and Other Gains (Losses)	2,422,787	(59,029)	2,363,758
Net Assets Released from Restrictions	2,570,544	(2,570,544)	-
Total Support, Revenues, and Other Gains	45,083,965	(2,570,544)	44,120,353
FUNCTIONAL EXPENSES			
Program Services:			
Integrated Health Services	27,090,616	-	27,090,616
Child and Family Solutions	3,381,254	-	3,381,254
Older Adults	692,285	-	692,285
Jewish Community Services	325,372	-	325,372
Sojourner Center	4,687,304	-	4,687,304
Total Program Services	36,176,831	-	36,176,831
Supporting Services:			
Management Services	91,210	-	91,210
Management and General	6,047,906	-	6,047,906
Fundraising	1,417,336	-	1,417,336
Twenty Thirty Three	475,897	-	475,897
Total Supporting Services	8,032,349	-	8,032,349
Total Functional Expenses	44,209,180	-	44,209,180
CHANGES IN NET ASSETS	874,785	(963,612)	(88,827)
Net Assets - Beginning of Year, as Previously Reported	17,575,923	4,150,247	21,726,170
Restatement (Note 20)	480,671	(480,671)	-
Net Assets - Beginning of Year, As Restated	18,056,594	3,669,576	21,726,170
NET ASSETS - END OF YEAR	$ 18,931,379	$ 2,705,964	$ 21,637,343

See accompanying Notes to Consolidated Financial Statements.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2023
(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2022)

	Program Services					
	Integrated Health Services	Child and Family Solutions	Older Adults	Jewish Community Services	Sojourner Center	Total Program Services
EXPENSES						
Salaries	$ 18,723,467	$ 2,277,724	$ 539,377	$ 235,553	$ 2,699,707	$ 24,475,828
Payroll Taxes and Fringe Benefits	3,560,407	522,080	82,722	30,307	416,078	4,611,594
Total Payroll Expenses	22,283,874	2,799,804	622,099	265,860	3,115,785	29,087,422
Professional Fees and Contract Services	4,755,985	63,020	73,725	18,165	16,833	4,927,728
Supplies	149,274	19,375	1,747	1	224,427	394,824
Telephone	491,536	89,794	12,282	6,282	63,985	663,879
Postage, Shipping, and Delivery	28,796	4,124	448	429	5,194	38,991
Occupancy	1,845,834	174,381	3,666	1,971	524,871	2,550,723
Equipment	351,107	26,430	6,658	1,613	58,965	444,773
Printing and Publications	9,077	1,594	348	2,324	2,025	15,368
Travel	253,771	112,489	10,239	5,825	20,758	403,082
Meeting and Conferences	9,325	3,159	-	-	1,814	14,298
Events	2,559	367	115	18,322	4,533	25,896
Specific Assistance to Clients	96,492	152,557	-	4,503	64,694	318,246
Membership Dues and Subscriptions	27,357	4,002	790	197	3,801	36,147
Insurance	183,614	14,770	2,926	1,145	69,170	271,625
Donated Goods and Services	552	422	21,000	-	736,132	758,106
Depreciation and Amortization	583,213	4,023	627	263	426,789	1,014,915
Miscellaneous	13,073	1,261	1,702	373	22,336	38,745
Provision (Adjustment) for Doubtful Accounts	1,337,448	519	19,768	2,001	7,019	1,366,755
Total Nonpayroll Expenses	10,139,013	672,287	156,041	63,414	2,253,346	13,284,101
Total Expenses by Function	32,422,887	3,472,091	778,140	329,274	5,369,131	42,371,523
Less: Expenses Netted Against Revenues on the Consolidated Statement of Activities:						
Special Events Expenses	-	-	-	-	-	-
Total Expenses Included in the Expense Section of the Consolidated Statement of Activities	$ 32,422,887	$ 3,472,091	$ 778,140	$ 329,274	$ 5,369,131	$ 42,371,523

See accompanying Notes to Consolidated Financial Statements.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2023
(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2022)

	Supporting Services					Total Expenses	
	Management Services	Management and General	Fundraising	Twenty Thirty Three	Total Supporting Services	2023	2022
EXPENSES							
Salaries	$ 33	$ 4,296,534	$ 892,080	$ -	$ 5,188,647	$ 29,664,475	$ 25,781,697
Payroll Taxes and Fringe Benefits	4	848,813	143,929	-	992,746	5,604,340	4,830,110
Total Payroll Expenses	37	5,145,347	1,036,009	-	6,181,393	35,268,815	30,611,807
Professional Fees and Contract Services	-	638,020	441,559	20,111	1,099,690	6,027,418	5,981,403
Supplies	2	28,152	19,306	-	47,460	442,284	387,065
Telephone	-	73,140	20,509	-	93,649	757,528	707,776
Postage, Shipping, and Delivery	-	3,776	2,959	-	6,735	45,726	49,999
Occupancy	142	247,806	56,341	61,828	366,117	2,916,840	2,757,320
Equipment	1	110,045	36,843	8,210	155,099	599,872	563,192
Printing and Publications	-	6,436	53,284	-	59,720	75,088	48,724
Travel	-	24,979	3,649	-	28,628	431,710	330,514
Meeting and Conferences	-	10,688	3,172	-	13,860	28,158	71,382
Events	-	-	103,443	-	103,443	129,339	84,687
Specific Assistance to Clients	1,528	-	379,461	-	380,989	699,235	315,783
Membership Dues and Subscriptions	-	3,995	4,770	-	8,765	44,912	45,303
Insurance	-	23,865	25,770	29,590	79,225	350,850	284,817
Donated Goods and Services	-	-	53,323	-	53,323	811,429	513,622
Depreciation and Amortization	5	6,909	45,299	311,602	363,815	1,378,730	1,247,392
Miscellaneous	7,346	26,734	29,261	34,877	98,218	136,963	215,582
Provision (Adjustment) for Doubtful Accounts	8,171	-	-	-	8,171	1,374,926	-
Total Nonpayroll Expenses	17,195	1,204,545	1,278,949	466,218	2,966,907	16,251,008	13,604,561
Total Expenses by Function	17,232	6,349,892	2,314,958	466,218	9,148,300	51,519,823	44,216,368
Less: Expenses Netted Against Revenues on the Consolidated Statement of Activities:							
Special Events Expenses	-	-	75,832	-	75,832	75,832	7,188
Total Expenses Included in the Expense Section of the Consolidated Statement of Activities	$ 17,232	$ 6,349,892	$ 2,239,126	$ 466,218	$ 9,072,468	$ 51,443,991	$ 44,209,180

See accompanying Notes to Consolidated Financial Statements.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2022

	Program Services					
	Integrated Health Services	Child and Family Solutions	Older Adults	Jewish Community Services	Sojourner Center	Total Program Services
EXPENSES						
Salaries	$ 15,404,853	$ 2,295,898	$ 509,071	$ 228,789	$ 2,424,196	$ 20,862,807
Payroll Taxes and Fringe Benefits	2,947,967	481,220	76,353	27,414	399,948	3,932,902
Total Payroll Expenses	18,352,820	2,777,118	585,424	256,203	2,824,144	24,795,709
Professional Fees and Contract Services	4,983,182	70,038	42,456	27,130	64,796	5,187,602
Supplies	114,901	18,690	8,941	-	181,709	324,241
Telephone	466,053	89,602	10,620	5,024	54,629	625,928
Postage, Shipping, and Delivery	27,670	4,858	1,738	395	4,770	39,431
Occupancy	1,809,876	109,060	4,384	1,891	458,143	2,383,354
Equipment	355,444	36,108	5,481	1,666	39,374	438,073
Printing and Publications	5,690	1,196	1,242	16	2,921	11,065
Travel	156,344	128,613	5,426	4,336	20,266	314,985
Meeting and Conferences	42,678	2,719	731	-	2,201	48,329
Events	6,083	204	416	6,482	283	13,468
Specific Assistance to Clients	53,472	122,970	-	19,744	46,596	242,782
Membership Dues and Subscriptions	30,343	4,956	723	222	1,679	37,923
Insurance	144,385	11,183	1,910	1,240	58,661	217,379
Donated Goods and Services	-	-	21,000	-	492,622	513,622
Depreciation and Amortization	527,321	3,369	578	376	412,934	944,578
Miscellaneous	14,354	570	1,215	647	21,576	38,362
Total Nonpayroll Expenses	8,737,796	604,136	106,861	69,169	1,863,160	11,381,122
Total Expenses by Function	27,090,616	3,381,254	692,285	325,372	4,687,304	36,176,831
Less: Expenses Netted Against Revenues on the Consolidated Statement of Activities:						
Special Events Expenses	-	-	-	-	-	-
Total Expenses Included in the Expense Section of the Consolidated Statement of Activities	$ 27,090,616	$ 3,381,254	$ 692,285	$ 325,372	$ 4,687,304	$ 36,176,831

See accompanying Notes to Consolidated Financial Statements.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2022

	Supporting Services					
	Management Services	Management and General	Fundraising	Twenty Thirty Three	Total Supporting Services	Total Functional Expenses
EXPENSES						
Salaries	$ -	$ 4,167,408	$ 751,482	$ -	$ 4,918,890	$ 25,781,697
Payroll Taxes and Fringe Benefits	(1,037)	779,493	118,752	-	897,208	4,830,110
Total Payroll Expenses	(1,037)	4,946,901	870,234	-	5,816,098	30,611,807
Professional Fees and Contract Services	75,380	508,158	207,218	3,045	793,801	5,981,403
Supplies	4,200	35,730	22,894	-	62,824	387,065
Telephone	-	69,206	12,642	-	81,848	707,776
Postage, Shipping, and Delivery	-	6,913	3,655	-	10,568	49,999
Occupancy	-	286,309	48,254	39,403	373,966	2,757,320
Equipment	-	104,474	9,916	10,729	125,119	563,192
Printing and Publications	-	2,038	35,621	-	37,659	48,724
Travel	-	14,532	997	-	15,529	330,514
Meeting and Conferences	1,348	19,292	2,413	-	23,053	71,382
Events	-	-	71,219	-	71,219	84,687
Specific Assistance to Clients	736	-	72,265	-	73,001	315,783
Membership Dues and Subscriptions	-	4,416	2,964	-	7,380	45,303
Insurance	-	11,870	17,944	37,624	67,438	284,817
Donated Goods and Services	-	-	-	-	-	513,622
Depreciation and Amortization	4	5,166	10,240	287,404	302,814	1,247,392
Miscellaneous	10,579	32,901	36,048	97,692	177,220	215,582
Total Nonpayroll Expenses	92,247	1,101,005	554,290	475,897	2,223,439	13,604,561
Total Expenses by Function	91,210	6,047,906	1,424,524	475,897	8,039,537	44,216,368
Less: Expenses Netted Against Revenues on the Consolidated Statement of Activities:						
Special Events Expenses	-	-	7,188	-	7,188	7,188
Total Expenses Included in the Expense Section of the Consolidated Statement of Activities	$ 91,210	$ 6,047,906	$ 1,417,336	$ 475,897	$ 8,032,349	$ 44,209,180

See accompanying Notes to Consolidated Financial Statements.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ (3,478,179)	$ (88,827)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	1,378,730	1,247,392
Lease Cost Adjustment	(201,151)	-
Provision for Doubtful Accounts	1,374,926	-
Net Realized and Unrealized (Gains) Losses on Investments	(65,165)	324,956
Forgiveness of Notes Payable	(53,938)	(53,938)
Changes in Cash Resulting from Changes in:		
Receivables	(852,181)	1,114,280
Pledges Receivable	25,547	1,820,238
Prepaid Expenses and Other Assets	62,343	(24,931)
Deposits	3,837	504,600
Accounts Payable	32,675	(14,971)
Accrued Expenses and Other Liabilities	(11,704)	(44,446)
Accrued Compensated Absences	90,532	35,418
Deferred Revenue	(6,603,906)	577,022
Deferred Rent	-	(172,932)
Net Cash Provided (Used) by Operating Activities	(8,297,634)	5,223,861
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	44,937	38,532
Purchase of Certificates of Deposit	(6,303,529)	(18,203,136)
Redemption of Certificates of Deposit	13,458,638	12,520,008
Proceeds from Sale of Property and Equipment	-	15,378
Purchases of Property and Equipment	(532,113)	(710,375)
Net Cash Provided (Used) by Investing Activities	6,667,933	(6,339,593)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Financing Lease Liability	(133,185)	-
Repayments of Notes Payable	(96,601)	(121,942)
Net Cash Used by Financing Activities	(229,786)	(121,942)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,859,487)	(1,237,674)
Cash and Cash Equivalents - Beginning of Year	7,166,036	8,403,710
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 5,306,549	$ 7,166,036
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	$ 47,397	$ 75,663

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of Jewish Family and Children's Service, Inc., Twenty Thirty Three, Inc., Child and Family Solutions, LLC, Sojourner Center and JFCS Behavioral Health, LLC's (collectively the Organization) significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

Organization

Jewish Family and Children's Service, Inc. (JFCS) was founded in 1936, obtained nonprofit 501(c)(3) status in 1955, and became nonsectarian in 1964. JFCS serves the diverse human service needs of families and individuals of all ages, races, and faiths throughout Maricopa County. The JFCS agency mission is to strengthen the community by offering high quality behavioral health and social services to children, families, and adults of all ages throughout Maricopa County, in accordance with a Jewish value system that cares about all humanity.

JFCS objectives include meeting and exceeding community expectations through a commitment to treat people with dignity and respect and to deliver services in accordance with a value system that cares about all humanity.

Child and Family Solutions, LLC (CFS) is a single member LLC and was founded in 2006.

JFCS Behavioral Health, LLC (BH) is a single member LLC and was founded in 2006.

Twenty Thirty Three, Inc., (TTT) is a nonprofit, nonsectarian organization which acquires land, buildings and equipment and subsequently leases those assets to JFCS under various operating leases.

TTT leases all of its buildings and equipment to JFCS. Various members of the board of directors of TTT are also members of the board of directors of JFCS.

Sojourner Center (SC) is an Arizona nonprofit corporation with a mission to overcome the impact of domestic violence one life at a time. SC was formed in 1977 and has provided safety, shelter, and an array of supportive services to victims of domestic violence for over 35 years. SC not only provides emergency shelter, but also offers extensive and comprehensive programs to help victims of domestic violence rebuild and redirect their lives. These programs provide a continuum of services including prevention and intervention, community education and victim advocacy. SC provides food, clothing, and other basic needs for victims and families; licensed childcare; a 24-hour crisis hotline; support to address career, education, and job advancement; legal advocacy; transitional housing; support groups; and domestic violence dynamics education classes for women and children whose lives have been affected by domestic violence.

The activities of TTT, CFS, SC, and BH have been consolidated with those of JFCS as JFCS exercises control over these entities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of JFCS and its subsidiaries. Inter-organization transactions and balances have been eliminated in the consolidation.

Use of Estimates in the Preparation of Financial Statements

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

Basis of Presentation

The Organization's consolidated financial statements have been prepared in accordance with the Not-For-Profit Industry Guidance within the Financial Accounting Standards Board (FASB) Codification (Guidance). Under the Guidance, the Organization is required to provide consolidated financial statements which are prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated investment fund.

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

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

The Organization considers all short-term investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of cash held in checking, savings, and money market accounts.

Receivables

Accounts receivable are stated at net realizable value. Receivables consist primarily of amounts due from various governmental agencies and seven contractors within the Arizona Health Care Costs Containment System (AHCCCS) Complete Care health plans. Receivables are carried at the original invoice amount less an estimated reserve for doubtful receivables based on a review of all outstanding accounts. Management determines the reserve by identifying troubled accounts as well as evaluating receivables and considering a customer’s financial condition, credit history, and current economic conditions. Receivables are written off when deemed uncollectible.

Pledges Receivable

Unconditional promises to give (pledges receivable) are recognized as revenues in the period the promise is received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Monies received pursuant to conditional promises are reflected as deferred revenue. Unconditional promises to give that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates as determined by management that are applicable to the years in which the promises are made. Amortization of the discount is included in contribution support. Management provides for probable uncollectible amounts through a charge to earnings and an increase to a valuation allowance based on its assessment of the current status of individual pledges. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction of receivables.

Investments

The investments in certificates of deposit, equity securities with readily determinable fair value are measured at fair value in the consolidated statements of financial position as determined by available market prices. The Organization also has assets held by the Jewish Community Foundation of Greater Phoenix which are recorded at fair value based upon quoted market prices of the underlying assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

Certificates of deposit are brokered deposits and those with readily determinable fair values are measured at fair value on the consolidated statements of financial position. Declines in the fair value of certificates of deposit below their cost that are deemed to be other than temporary are reflected as realized losses. Certificates of deposit income or loss (including unrealized and realized gains and losses) on certificates of deposit, and interest are included in net assets without donor restrictions, unless the associated income or loss is restricted. Investment income or loss (including unrealized and realized gains and losses on investments, interest, and dividends) is included in net assets without donor restrictions unless the associated income or loss is restricted.

Board-Designated Net Assets

As of September 30, 2023 and 2022, included in net assets without donor restrictions is $512,710 and $480,671, respectively, a board-designated investment fund held at the Jewish Community Foundation of Greater Phoenix, an unrelated entity.

Property and Equipment

Buildings, leasehold improvements, vehicles, equipment, and furniture are initially recorded at cost, if purchased or at fair value at date of donation if contributed. The Organization’s policy is to capitalize assets costing $1,000 or more and with a useful life of greater than one year. Property and equipment are depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	5 to 35 Years
Furniture, Equipment, and Vehicles	3 to 5 Years
Software	7 Years

Improvements to leased property are amortized over the lesser of the life of the lease or life of the improvements. Amortization expense on assets acquired under capital leases is included with depreciation expense on owned assets.

Gain or loss on sale of assets is calculated by netting the book value of the investment in the capital asset against the consideration received on the asset sold.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Grants

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants. Amounts received are recognized as earned and are reported as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received but not yet earned are reported as deferred revenue in the consolidated statements of financial position (See Note 8). At September 30, 2023 and 2022, the Organization had $3,589,489 and $3,779,368, respectively, of conditional grants that had not been recognized in the accompanying consolidated statements of activities.

The Organization records unconditional contributions and grants from governmental agencies as with or without donor-restricted support depending on the existence of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated 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 the support as net assets without donor restrictions.

Program Service Revenue and Deferred Revenue

The Organization receives block funding in advance of service delivery which is initially recorded as deferred revenue. As service units are performed (encounters) revenue is recognized and deferred revenue is reduced. Any cash received in excess of the amount encountered is reported as deferred revenue.

Program service revenues consist of governmental fee and grant reimbursements for various programs. Revenue from certain grants is unearned until eligible expenses have been incurred or program performance has been met. These amounts are deferred and recognized over the periods in which the associated grant expenses occur. Cash collected in advance of the earned revenue is recorded as deferred revenue (See Note 8).

Charges for Services – Patient Services

Patient service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government payors), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charges for Services – Patient Services (Continued)

Generally, the Organization bills the patients and third party after the services are performed. Revenue is recognized as the performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Generally, performance obligations satisfied over time relate to patients receiving services in our behavioral health and medical/therapy programs, which includes a majority of the Organization’s charges for services revenue.

The Organization determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payors or the established rates of the government entities. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience with patients.

Agreements with third-party payors provide for payments that may differ from established rates. A summary of the payment arrangements with major third-party payors follows:

Medicaid: Reimbursements for Medicaid services are generally paid at prospectively determined rates, per occasion of service, or per covered member.

Other: Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates and discounts from established charges.

Laws and regulations concerning government programs, including Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care companies have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in companies entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Organization’s compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims, or penalties would have upon the Organization. In addition, the contracts the Organization has with commercial payors also provide for retroactive audit and review of claims.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charges for Services – Patient Services (Continued)

Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient services. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Organization’s historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved.

Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization estimates the transaction price for patients with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended September 30, 2023 and 2022. Subsequent changes that are determined to be the result of an adverse change in the patient’s ability to pay are recorded as bad debt expense.

The Organization has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors:

- Payors (for example, Medicaid, managed care or other insurance, patient) have different reimbursement/payment methodologies
- Length of the patient’s service of care
- Method of reimbursement (fee for service or capitation)
- Organization’s line of business that provided the service

Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The costs are allocated based on salary, professional fees, and square footage percentages.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Jewish Family and Children’s Service, Inc. and Sojourner Center are exempt from federal income taxes under Section 501(c)(3) and Twenty Thirty Three, Inc., is exempt under 501(c)(2) of the Internal Revenue Code (IRC) of 1954 as amended and from state income taxes under ARS 43-1201. In addition, JFCS, SC and TTT have been determined by the Internal Revenue Service (IRS) not to be private foundations within the meaning of Section 509(a). Income determined to be unrelated business taxable income (UBTI) would be taxable. Management believes that JFCS, SC and TTT have no uncertain tax positions as of September 30, 2023 and 2022.

Economic Dependency and Concentration of Credit Risk

The Organization received approximately 47% and 52% of its revenue through seven contractors within the Arizona Health Care Costs Containment System (AHCCCS) Complete Care health plans, during the years ended September 30, 2023 and 2022, respectively. The loss of this revenue source would have a materially adverse effect on the Organization.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Change in Accounting Principle

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 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 balance sheet. 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 October 1, 2022, 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 September 30, 2022, are made under prior lease guidance in FASB *Accounting Standards Codification* (ASC) 840.

The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization’s ROU assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle (Continued)

The Organization elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

The standard had a material impact on the consolidated statement of financial position but did not have an impact on the consolidated statement of activities and changes in net assets or consolidated statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while the Organization's accounting for finance leases remained substantially unchanged.

Subsequent Events

We have evaluated subsequent events through March 21, 2024, the date the consolidated financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures.

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

	2023	2022
Financial Assets at Year-End:		
Cash and Cash Equivalents	$ 5,306,549	$ 7,166,036
Investments	5,351,060	12,485,941
Receivables	4,609,067	5,131,812
Pledge Receivables	440,503	466,050
Total Financial Assets	15,707,179	25,249,839
Less Amounts not Available to be Used Within One Year:		
Board-Designated Net Assets Without Donor Restrictions	(512,710)	(480,671)
Net Assets With Donor Restrictions	(2,080,533)	(2,705,964)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 13,113,936	$ 22,063,204

NOTE 3 RECEIVABLES

Receivables consist of the following:

	2023	2022
Department of Child Safety	$ 152,246	$ 232,358
AHCCCS Health Plans and Other Commercial Insurance	3,621,380	4,249,473
Department of Public Safety	233,953	197,021
Jewish Community Foundation	55,000	65,000
City of Phoenix	108,612	95,829
Other Receivable	575,229	592,131
Subtotal	4,746,420	5,431,812
Less: Allowance for Doubtful Accounts	(137,353)	(300,000)
Total Receivables, Net	$ 4,609,067	$ 5,131,812

Interest is not charged on receivables. The allowance for doubtful accounts is based on management's assessment of the account's ability to pay, the presence of a contractual agreement, and other factors.

Accounts receivable balance was $4,609,067, $5,131,812, and $6,246,092 which included an allowance for doubtful accounts of $(137,353), $(300,000), and $(1,382,861) for the years ended September 30, 2023, 2022, and 2021, respectively.

NOTE 4 PLEDGES RECEIVABLE

Pledges receivable consist of the following:

	2023	2022
Pledges Receivable	$ 446,438	$ 487,449
Less: Unamortized Discount	(935)	(935)
Total	445,503	486,514
Less: Allowance for Uncollectible	(5,000)	(20,464)
Pledges Receivable, Net	$ 440,503	$ 466,050
Amounts Due in:		
Less than One Year	$ 434,050	$ 462,686
One to Five Years	12,388	24,763
Total	$ 446,438	$ 487,449

The discount rate used to determine the present value of the pledges receivable balance is a rate considered appropriate for the expected repayment term. The discount rates used ranged from 4.91% to 5.41%.

NOTE 5 INVESTMENTS

Investments in Joint Ventures: Topaz, LLC

JFCS was a 50% owner and managing administrative member in Topaz, LLC (Topaz), a partnership with another nonprofit entity providing information technology services to nonprofit entities. On October 14, 2019, JFCS completed the sale of its membership interest in Topaz to NextGen Healthcare, Inc. for $2,224,456 resulting in a gain of $1,582,947. In addition, the sale provided for a contingent gain of up to $1,000,000 that depended on certain conditions being met. During the years ended September 30, 2023 and 2022, certain conditions were met resulting in the Organization recording an additional gain of $0 and $270,000, respectively.

Jewish Community Foundation of Greater Phoenix

JFCS also has funds on deposit at the Jewish Community Foundation of Greater Phoenix. The investments totaled $909,593 and $852,354 as of September 30, 2023 and 2022, respectively. In addition, JFCS recognized investment income (loss) of $97,173 and $(147,422) for the years ended September 30, 2023 and 2022, respectively.

Arizona Community Foundation

JFCS also has funds on deposit at the Arizona Community Foundation. The investments totaled $28,157 and $26,710 as of September 30, 2023 and 2022, respectively. In addition, JFCS recognized investment income (loss) of $1,447 and $(3,235) for the years ended September 30, 2023 and 2022, respectively.

Certificates of Deposit

Certificates of deposit at September 30, 2023 consist of the following:

Maturity Date in Fiscal Year	Cost	Stated Rate
2024	$ 3,919,261	0.15% to 5.40%
Thereafter	104,622	1.35% to 1.70%
Total	$ 4,023,883	

Certificates of deposit at September 30, 2022 consist of the following:

Maturity Date in Fiscal Year	Cost	Stated Rate
2023	$ 9,578,914	0.00% to 5.00%
2024	472,168	0.00% to 5.00%
Thereafter	102,649	0.25% to 0.75%
Total	$ 10,153,731	

Certificates of deposit are stated at fair value and are brokered to ensure that deposits are not maintained with one financial institution in excess of the Federal Deposit Insurance Corporation (FDIC) coverage. The Organization plans to hold all certificates of deposit to maturity.

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment owned by the Organization consist of the following:

	2023	2022
Land	$ 1,306,154	$ 1,306,154
Building and Improvements	16,340,678	16,121,655
Furniture and Equipment	2,556,266	2,035,305
Computer Software	597,085	597,085
Leasehold Improvements	4,434,257	4,413,641
Construction in Process	43,527	271,254
Total	25,277,967	24,745,094
Less: Accumulated Depreciation and Amortization	(11,055,431)	(9,814,982)
Property and Equipment, Net	$ 14,222,536	$ 14,930,112

Depreciation and amortization expense charged to operations was $1,378,730 and $1,247,392 for the years ended September 30, 2023 and 2022, respectively. There was no interest capitalized in either 2023 or 2022 due to its immateriality.

NOTE 7 FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB *Accounting Standards Codification* (ASC) 820*, Fair Value Measurement and Disclosures*, provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

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

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on assumptions that market participants would use in pricing an asset or liability.

NOTE 7 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Following is a description of the valuation methodologies used for instruments measured at fair value and their classification in the valuation hierarchy.

Investments Held by Jewish Community Foundation of Greater Phoenix

The State of Israel bonds are valued at face value, which approximates fair value. The amount recorded on the consolidated statements of financial position reflects the Organization's contributions plus (minus) the Organization's allocated share of the investment return on the entire pool of investments. This investment is classified within Level 3 of the valuation hierarchy because the Organization owns units of pooled funds and relies on the foundation to provide the value of those funds.

Investments Held by Arizona Community Foundation

The Organization's investments held by the Arizona Community Foundation primarily consist of corporate and governmental debt securities, and equity securities, which are held primarily at stock brokerage firms. The fair value on these investments, held by Arizona Community Foundation, is determined as follows: Mutual funds are valued at publicly quoted net asset value. Equity and debt securities listed on a national market or exchange are valued at the last sales price, or if there is no sale and the markets are still considered active at the last transaction price before year-end. This investment is classified within Level 3 of the valuation hierarchy because the Organization owns units of pooled funds and relies on the foundation to provide the value of those funds.

Certificates of Deposit

Certificates of deposit are generally valued at the most recent price of the equivalent quoted yield for such securities, or those of comparable maturity, quality, and type. Certificates of Deposit are generally classified within Level 2 of the valuation hierarchy. Certificates of deposit are held to maturity, with various maturity dates through July 16, 2035 and earn various stated rates ranging from 0.15% to 5.40%.

Investments in Debt and Equity Securities

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values. Securities with readily determinable market values are generally classified as Level 1 of the valuation hierarchy. Equity and debt securities listed on a national market or exchange are valued at the last sales price, or if there is no sale and the markets are still considered active at the last transaction price before year-end.

NOTE 7 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Investments in Debt and Equity Securities (Continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in valuation methodologies used as of September 30, 2023 and 2022.

The following table sets forth by level, within the fair value hierarchy, the Organization's fair value as of September 30:

	2023			
	Level 1	Level 2	Level 3	Total
Investments Held by Jewish Community Foundation of Greater Phoenix	$ -	$ -	$ 909,593	$ 909,593
Investments Held by Arizona Community Foundation	-	-	28,157	28,157
Equity and Debt Securities				
US Large Cap Equity	30,017	-	-	30,017
US Corporate Bonds	-	263,560	-	263,560
US Fixed Income Bonds	-	95,850	-	95,850
Certificates of Deposit	-	4,023,883	-	4,023,883
Total Assets Held at Fair Value	$ 30,017	$ 4,383,293	$ 937,750	$ 5,351,060

	2022			
	Level 1	Level 2	Level 3	Total
Investments Held by Jewish Community Foundation of Greater Phoenix	$ -	$ -	$ 852,354	$ 852,354
Investments Held by Arizona Community Foundation	-	-	26,710	26,710
Equity and Debt Securities				
International Equity	162	-	-	162
US Large Cap Equity	21,056	-	-	21,056
US Mid-Cap Equity	4,880	-	-	4,880
US Corporate Bonds	794	248,987	-	249,781
US Fixed Income Bonds	-	591,463	-	591,463
US Treasury Bills	-	585,804	-	585,804
Certificates of Deposit	-	10,153,731	-	10,153,731
Total Assets Held at Fair Value	$ 26,892	$ 11,579,985	$ 879,064	$ 12,485,941

NOTE 7 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Purchases, sales, transfers in and transfers out of Level 3 investments consists of the following for the years ended September 30:

	2023	2022
Purchases	$ -	$ -
Sales	(39,934)	(37,672)
Transfers In	-	-
Transfers Out	-	-

NOTE 8 DEFERRED REVENUE

For the years ended September 30, 2023 and 2022, the total block payments the Organization received from Mercy Maricopa Integrated Care for adult and children behavioral health services, exceeded the amount earned in the amount of $0 and $17,449, respectively.

Remaining deferred revenue for the years ended September 30, 2023 and 2022 was $726,810 and $6,462,630, respectively, were mainly due to the payments for the targeted investment programs.

The total balance in deferred revenue was $726,810, $7,330,716, and $6,753,694 for the years ended September 30, 2023, 2022, and 2021, respectively.

NOTE 9 NOTES PAYABLE

Notes payable consists of the following for the years ended September 30, 2023 and 2022:

Description	2023	2022
Note payable, secured by inventory, equipment and accounts receivable of the Organization, payable in equal monthly installments of $13,091, bearing interest at a fixed rate of 3.15%, until final payment at maturity of $1,356,246 on August 31, 2025.	$ 1,564,041	$ 1,660,642

NOTE 9 NOTES PAYABLE (CONTINUED)

Description	2023	2022
The Organization obtained a Community Development Block Grant (CDBG) construction loan in April 2004, from the City of Phoenix to expand the Sojourner facility. The loan, in the amount of $1,000,000, is secured by a deed of trust and is noninterest bearing. The entire unpaid balance is due on the later of the expiration of the period of affordability or 35 years. If the Organization is not in default under the loan agreement, the Organization shall receive an annual credit against the principal amount due that commenced in July 2018 in an amount equal to 4% of the original principal loan amount.	$ 790,000	$ 830,000
In December 2008, the Organization obtained another CDBG construction loan from the City of Phoenix to further expand its facility. The loan, in the amount of $1,500,000, is secured by a deed of trust and is noninterest bearing. If the Organization is not in default under the loan agreement, the Organization shall receive a credit against the principal amount due on the 40th anniversary of the Certificate of Completion of the facility expansion.	1,500,000	1,500,000
In July 2005, the Organization obtained a $489,394 note payable with the Arizona Department of Housing. The note is secured by a deed of trust, bears a 0% interest rate, and is forgivable at the end of a 20-year period. The loan is to be used for transitional housing.	489,394	489,394
In October 2012, the Organization obtained another CDBG construction loan from the City of Phoenix. The loan, in the amount of $69,690, is secured by a deed of trust and is noninterest bearing. If the Organization is not in default under the loan agreement, the Organization shall receive an annual credit against the principal amount due that commenced in May 2019 in an amount equal to 20% of the original principal loan amount.	8,131	22,069
Total	$ 4,351,566	$ 4,502,105

Interest expense on the notes payable was $47,397 and $54,957 for the years ended September 30, 2023 and 2022, respectively, and is included in supporting services expenses in the accompanying consolidated statements of activities.

NOTE 9 NOTES PAYABLE (CONTINUED)

As of September 30, 2023, the approximate aggregate maturities required on the note payable are as follows:

Year Ending September 30,	Amount
2024	$ 163,882
2025	1,509,302
2026	53,937
2027	53,937
2028	53,937
Thereafter	2,516,571
Total	$ 4,351,566

NOTE 10 LINE OF CREDIT

The Organization has a line of credit with a financial institution in the amount $3,000,000 to provide for cash flow needs which matures July 24, 2024. The interest rate is the secured overnight financing rate (SOFR) and 3.00%. Interest expense under the line of credit was $-0- for the years ended September 30, 2023, and 2022. There was no outstanding balance on the line of credit as of September 30, 2023, and 2022. The line of credit is secured by receivables, cash, investments, and equipment. Subsequent to year end, the Organization borrowed $3,000,000 on the line of credit.

NOTE 11 LEASES

The Organization leases office space and equipment. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease ROU assets and operating lease liabilities on the consolidated statement of financial position.

ROU assets represent the Organization’s right to use an underlying asset 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. As most of leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

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 these leases are not included as lease liabilities or ROU assets on the consolidated statement of financial position.

NOTE 11 LEASES (CONTINUED)

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

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

Lease Cost:	
Finance Lease Cost:	
Amortization of Right-of-Use Assets	$ 139,041
Interest on Lease Liabilities	15,153
Operating Lease Cost	1,440,597
Short-Term Lease Cost	-
Total Lease Cost	$ 1,594,791
Other Information:	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Finance Leases	$ 15,153
Operating Cash Flows from Operating Leases	1,641,747
Financing Cash Flows from Finance Leases	133,185
Weighted-Average Remaining Lease Term - Finance Leases	2.0 Years
Weighted-Average Remaining Lease Term - Operating Leases	9.1 Years
Weighted-Average Discount Rate - Finance Leases	4.25%
Weighted-Average Discount Rate - Operating Leases	1.92%

The Organization classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of September 30, 2023, is as follows:

Year	Operating	Finance	Totals
2024	$ 1,920,386	$ 148,339	$ 2,068,725
2025	1,987,618	148,339	2,135,957
2026	2,033,541	-	2,033,541
2027	2,079,537	-	2,079,537
2028	2,110,754	-	2,110,754
Thereafter	6,732,768	-	6,732,768
Undiscounted Cash Flows	16,864,604	296,678	17,161,282
(Less) Imputed Interest	(2,492,497)	(12,740)	(2,505,237)
Total Present Value	$ 14,372,107	$ 283,938	$ 14,656,045

NOTE 12 OPERATING LEASES

The Organization elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended September 30, 2022, are made under prior lease guidance in FASB ASC 840.

The Organization leases various facilities and equipment under operating leases expiring after 2023. Total lease expense was $1,760,897 for the years ended September 30, 2023.

Future minimum payments under these noncancelable operating lease commitments are as follows:

Year Ending September 30,	Amount
2023	$ 1,690,739
2024	1,728,789
2025	1,630,920
2026	1,668,971
2027	1,707,021
Thereafter	8,447,644
Total	$ 16,874,084

NOTE 13 DONATED GOODS AND SERVICES

The Organization receives in-kind contributions of time and pro bono services from members of the community related to management operations. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

During the year ended June 30, 2023, the Organization received contributions of the use of facilities. The Organization also received donated goods in a form of donated gifts and items for the donation center. The following table represents a breakout of the donated facilities and goods for the year ended June 30, 2023:

	Donated Space	Donated Goods	Total
Program or Support Services:			
Sojourner Center	$ -	$ 787,950	$ 787,950
Older Adults	21,000	-	21,000
Fundraising	-	1,925	1,925
Total	$ 21,000	$ 789,875	$ 810,875

NOTE 13 DONATED GOODS AND SERVICES (CONTINUED)

The following table represents a breakout of the donated facilities and goods for the year ended June 30, 2022:

	Donated Space	Donated Goods	Total
Program or Support Services:			
Sojourner Center	$ -	$ 492,622	$ 492,622
Older Adults	21,000	-	21,000
Fundraising	-	-	-
Total	$ 21,000	$ 492,622	$ 513,622

All donated assets were utilized by the Organization’s programs and supporting services. There were no donor-imposed restrictions associated with the donated assets.

Donated space is valued at the fair value of similar properties available in commercial real estate listings. Every three years, the value of the properties are appraised. Donated legal services included in management and general are valued at the standard hourly rates charged for those services. Donated goods are valued at the wholesale prices that would be received for selling similar products.

NOTE 14 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available as follows:

	2023	2022
Pledge Receivable	$ 446,438	$ 487,449
Endowment	298,375	279,328
Purpose Restricted:		
Program Services	1,130,276	1,493,670
Sojourner Center	205,444	445,517
Total Net Assets With Donor Restrictions	$ 2,080,533	$ 2,705,964

NOTE 15 RETIREMENT PLANS

The Organization has a Section 401(k) plan and a Section 403(b) plan under the IRC. Both plans have two contribution components: (1) a salary reduction arrangement plan, and (2) employer’s qualified nonelective plan. Under the salary reduction arrangement, employees may allocate a portion of their compensation in accordance with the IRC. The employer may at its discretion contribute a matching amount. In order to participate, employees must be at least 18 years of age to make salary reduction contributions to this plan. There is no minimum service requirement to make salary reduction contributions to the plan. An employee is automatically enrolled into the plan on the first of the month subsequent to the employee’s date of hire.

NOTE 15 RETIREMENT PLANS (CONTINUED)

To receive employer matching contributions, an employee must be at least 18 years of age and have completed at least one year of service and has worked a minimum of 1,000 hours. During the years ended September 30, 2023 and 2022, the Organization contributed $0.50 for each $1.00 of eligible contributions deferred from the employees' annual salary. A participant's "eligible contributions" equal the amount of the participant's elective deferrals for the plan year up to 6%.

The total contribution expense was $479,791 and $450,667 for the years ended September 30, 2023 and 2022, respectively. Of those total contributions, the 403(b) Plan total contribution expense was $90,015 and $86,614 and the 401(k) Plan total contribution expense was $389,775 and $364,053 for the years ended September 30, 2023 and 2022, respectively.

Under the employer's qualified nonelective portion, the employer may contribute to the plan at its discretion. The employee does not contribute to this portion of the plan. To become a participant, an employee must complete one year of service and attain age 18. The total contribution expense for this qualified nonelective portion was $-0- for the years ended September 30, 2023 and 2022.

NOTE 16 ADVERTISING

The Organization uses advertising to promote its community programs and recruit employees. Advertising costs are expensed as incurred. Advertising expense totaled $10,272 and $13,146 for the years ended September 30, 2023 and 2022, respectively.

NOTE 17 COMMITMENTS AND CONTINGENT LIABILITIES

The Organization has a partially self-insured health benefit program covering medical and prescription claims. The plan includes a stop-loss provision that insures claims exceeding $110,000 for the years ended September 30, 2023 and 2022.

The Plan offers health benefits to regular, full-time employees working 30 or more hours per week and their beneficiaries and covered dependents once a 60-day waiting period is met. The cost of health care services is recognized as a deduction in the period in which it is provided to participants. Liabilities for health claims incurred but not reported are estimated based on historical claims and industry trends.

The Organization participates in a number of federal and state-assisted grant and contract programs which are subject to financial and compliance audits. The audits of these programs for, or including, the year ended September 30, 2023, have not been accepted. Accordingly, the Organization's compliance with applicable grant or contract requirements may be established at some future date. The amount, if any, of expenditures or fees for units of service which may be disallowed by the granting or contracting agencies cannot be determined at this time, although the Organization's management expects such amounts, if any, to be immaterial.

NOTE 17 COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

From time-to-time, the Organization is contingently liable in respect to claims incidental to the ordinary course of its operations. In the opinion of management, the effect of such matters will not have a material adverse effect on the Organization's financial position, results of operations, or liquidity. Therefore, no provision has been made in the accompanying consolidated financial statements for losses, if any, that might result from the ultimate outcome of these matters.

NOTE 18 ENDOWMENT

A fund was established in 2018 with insurance policies with cash surrender values from the Lane Foundation, of which $273,107 was to be used to establish an endowment. The endowment was $298,375 and $279,328 for the years ended September 30, 2023 and 2022, respectively. The Organization has interpreted the Arizona Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions to be held in perpetuity (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts donated to the Endowment, and (c) accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor-restricted endowment is classified as 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.

NOTE 19 CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization places its cash with high-credit quality financial institutions and generally limits the amount of credit exposure to the amount in excess of the FDIC insurance coverage limit of $250,000. At various times throughout the year, the Organization's cash balances will exceed the federally insured limits. Management believes there are no unusual risks associated with current depository institutions.

NOTE 20 RESTATEMENT

During fiscal year 2023, management identified that the Organization's prior year ending net assets with donor restrictions was overstated by $480,671 and net assets without donor restrictions were understated by the same amount. It was determined that this difference was due to the prior year misclassification of board-designated net assets of $480,671. To correct the prior error in net asset designation, prior year beginning net assets with donor restrictions were reduced by $480,671 and undesignated net assets were increased by the same amount. There was no net impact to the statement of financial position, statement of activities, or statement of cash flows in the current or prior year resulting from the restatement.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
SEPTEMBER 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Jewish Family and Children's Service, Inc.	Sojourner Center	Twenty Thirty Three, Inc.	Eliminating Entries	Jewish Family and Children's Service, Inc. and Subsidiaries
ASSETS					
Cash and Cash Equivalents	$ 3,337,874	$ 1,070,575	$ 898,100	$ -	$ 5,306,549
Investments	5,322,903	28,157	-	-	5,351,060
Investments in Subsidiaries	7,082,592	-	-	(7,082,592)	-
Receivables, Net	3,877,577	732,251	(761)	-	4,609,067
Related Party Receivables, Net	2,057,573	-	42,109	(2,099,682)	-
Pledges Receivable, Net	440,503	-	-	-	440,503
Prepaid Expenses and Other Assets	500,192	27,406	-	-	527,598
Deposits	146,276	16,308	268	-	162,852
Operating Right-of-Use Asset	10,471,261	60,821	-	-	10,532,082
Financing Right-of-Use Asset	278,081	-	-	-	278,081
Property and Equipment, Net	3,142,951	8,256,479	2,823,106	-	14,222,536
Total Assets	$ 36,657,783	$ 10,191,997	$ 3,762,822	$ (9,182,274)	$ 41,430,328
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts Payable	$ 265,456	$ 1,075,125	$ 4,323	$ (980,953)	$ 363,951
Accrued Expenses and Other Liabilities	1,797,363	201,348	1,896	-	2,000,607
Accrued Compensated Absences	1,113,766	58,419	-	-	1,172,185
Deferred Revenue	726,810	-	-	-	726,810
Lease Liability - Operating	14,311,287	60,821	-	-	14,372,108
Lease Liability - Financing	283,937	-	-	-	283,937
Notes Payable	-	2,787,525	2,682,770	(1,118,729)	4,351,566
Total Liabilities	18,498,619	4,183,238	2,688,989	(2,099,682)	23,271,164
NET ASSETS					
Without Donor Restrictions:					
Board-Designated	512,710	-	-	-	512,710
Undesignated	15,565,921	5,803,315	1,073,833	(6,877,148)	15,565,921
Total Without Donor Restrictions	16,078,631	5,803,315	1,073,833	(6,877,148)	16,078,631
With Donor Restrictions	2,080,533	205,444	-	(205,444)	2,080,533
Total Net Assets	18,159,164	6,008,759	1,073,833	(7,082,592)	18,159,164
Total Liabilities and Net Assets	$ 36,657,783	$ 10,191,997	$ 3,762,822	$ (9,182,274)	$ 41,430,328

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF ACTIVITIES
SEPTEMBER 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Jewish Family and Children's Service, Inc.	Sojourner Center	Twenty Thirty Three, Inc.	Eliminating Entries	Jewish Family and Children's Service, Inc. and Subsidiaries
SUPPORT, REVENUES, AND OTHER GRANTS					
Support:					
Government and Contracts	$ 38,514,393	$ 918,906	$ -	$ -	$ 39,433,299
Grants	272,314	2,690,334	-	-	2,962,648
Contributions	1,344,256	2,024,627	-	-	3,368,883
Donated Goods and Services	22,925	787,950	-	-	810,875
Special Events, Net of Direct Benefit to Donors	658,836	25,922.00	-	-	684,758
Total Support	40,812,724	6,447,739	-	-	47,260,463
Revenues and Other Gains (Losses):					
Client Program Fees	32,109	-	-	-	32,109
Management Services	544,080	-	795,854	(1,320,482)	19,452
Investment Income	344,550	1,446	540	-	346,536
Investment Income (Loss) in Subsidiary	164,357	-	-	(164,357)	-
Miscellaneous Income	210,336	96,916	-	-	307,252
Total Revenue and Other Gains	1,295,432	98,362	796,394	(1,484,839)	705,349
Total Support, Revenues, and Other Gains	42,108,156	6,546,101	796,394	(1,484,839)	47,965,812
FUNCTIONAL EXPENSES					
Program Services:					
Integrated Health Services	32,993,636	-	-	(570,749)	32,422,887
Child and Family Solutions	3,606,653	-	-	(134,562)	3,472,091
Older Adults	796,096	-	-	(17,956)	778,140
Jewish Community Services	339,992	-	-	(10,718)	329,274
Sojourner Center	-	5,581,136	-	(212,005)	5,369,131
Total Program Services	37,736,377	5,581,136	-	(945,990)	42,371,523
Supporting Services:					
Management Services	17,232	-	-	-	17,232
Management and General	6,064,951	316,677	-	(31,736)	6,349,892
Fundraising	1,767,775	492,608	-	(21,257)	2,239,126
Twenty Thirty Three	-	-	787,717	(321,499)	466,218
Total Supporting Services	7,849,958	809,285	787,717	(374,492)	9,072,468
Total Functional Expenses	45,586,335	6,390,421	787,717	(1,320,482)	51,443,991
CHANGES IN NET ASSETS	(3,478,179)	155,680	8,677	(164,357)	(3,478,179)
Net Assets - Beginning of Year	21,637,343	5,853,079	1,065,156	(6,918,235)	21,637,343
NET ASSETS - END OF YEAR	$ 18,159,164	$ 6,008,759	$ 1,073,833	$ (7,082,592)	$ 18,159,164

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2023

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development				
Community Development Block Grant/Entitlement (CDBG) Grants:				
Pass-Through the City of Phoenix:				
Loan Balance	14.218	64210	$ -	$ 22,069
Loan Balance	14.218	107477	-	830,000
Loan Balance	14.218	125187	-	1,500,000
Total CDBG Grants Cluster (14.218)			-	2,352,069
Total U.S. Department of Housing and Urban Development			-	2,352,069
U.S. Department of Justice				
Victims of Crime Act (VOCA) Crime Victim Assistance Grant Program				
Pass-Through the Arizona Department of Public Safety	16.575	2018-VA-GX-0041	-	228,527
Pass-Through the Arizona Department of Public Safety	16.575	2018-VA-GX-0012	-	1,007,612
Pass-Through the Arizona Department of Public Safety	16.575	2019-V2-GX-0041	-	203,214
Subtotal VOCA Crime Victim Assistance Grant Program (16.575)			-	1,439,353
Crime Victim Assistance Discretionary Grants	16.582	N/A	-	84,622
Violence Against Women Formula Grants				
Pass-Through AZ Governor's Office	16.588	ST-WSG-202-01021-19	-	120,403
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	N/A	-	134,567
Total U.S. Department of Justice			-	1,778,945
U.S. Department of Labor				
Workforce Innovation and Opportunity Act - Youth Activities				
Pass-Through the City of Phoenix	17.259	145116-9	-	358,637
Total U.S. Department of Labor			-	358,637
US Department of Treasury				
Coronavirus State and Local Fiscal Recovery Funds (American Rescue Plan Act)				
Pass-Through Arizona Coalition to End Sexual and Domestic Violence	21.027	C-22-22-157-x-00	-	384,742
Pass-Through Maricopa County	21.027	220148-RFP	-	186,845
Pass-Through Local Initiatives Support Corporation	21.027	53214-0001	-	10,598
Pass-Through Arizona Foundation for Human Service Providers	21.027	007	-	40,000
Subtotal American Rescue Plan Act (21.027)			-	622,185
Total U.S. Department of Treasury			-	622,185
U.S. Department of Health and Human Services				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	N/A	-	11,894
Provider Relief Funds	93.498	N/A	-	413,410
Temporary Assistance to Needy Families:				
Pass-Through the Arizona Department of Economic Security	93.558	ADES17-178650	-	493,831
Total Temporary Assistance to Needy Families Cluster			-	493,831
Child Care and Development Block Grant:				
Pass-Through the Arizona Department of Economic Security	93.575	ADES16-098382	-	75,978
Pass-Through the Arizona Department of Economic Security	93.575	CTR049449	-	31,242
Subtotal Child Care and Development Fund Cluster (93.575)			-	107,220
Social Services Block Grant:				
Pass-Through the Arizona Department of Economic Security	93.667	ADES17-178650	-	70,442
Block Grants for Community Mental Health Services				
Pass-Through Mercy Care	93.958		-	255,493
Block Grants for Prevention and Treatment of Substance Abuse				
Pass-Through Mercy Care	93.959		-	4,913
Total U.S. Department of Health and Human Services			-	1,357,203
Total Federal Expenditures			$ -	$ 6,469,039

** Indicates major program*

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Jewish Family and Children's Service, Inc. and Subsidiaries(the Organization) for the year ended September 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulation* 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 and Children's Service, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Jewish Family and Children's Service, Inc.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the accompanying schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The Organization has elected not to use the 10 percent de minimis indirect rate as allowed under the uniform guidance.

NOTE 3 FEDERAL LOANS

The Organization had the following loans outstanding at September 30, 2021:

Federal Assistance Listing Number	Name of Federal Program	Amount Outstanding
14.218	Community Development Block Grant Entitlement Grants (Loan No. 107477)	$ 790,000
14.218	Community Development Block Grant Entitlement Grants (Loan No. 135163-0)	8,131
14.218	Community Development Block Grant Entitlement Grants (Loan No. 125187)	1,500,000

In a prior year, the Organization was awarded federal loans of $2,668,000 under the Community Development Block Grant Program from the U.S. Department of Housing and Urban Development, passed through the City of Phoenix, Arizona, Assistance Listing Number 14.218. There were no federal awards expended for the loan program during the year ended September 30, 2023. As of September 30, 2023 the outstanding balance under the loans was $2,298,131.

NOTE 3 FEDERAL LOANS (CONTINUED)

The loans have the following continuing compliance requirements:

The underlying property built with the loans will be occupied by victims of domestic violence and their children. (All loans)

The rent for the Community Development Block Grant units may not exceed 30% of the adjusted income of a family whose gross income equals 80% of the Median Family Income for the Phoenix Standard Metropolitan Statistical Area, as determined by the U.S. Department of Housing and Urban Development. (Only loan 107477)

NOTE 4 PROVIDER RELIEF FUNDS

The consolidated financial statements reflect revenue recognized from the Provider Relief Funds of $0 for the year ended September 30, 2023. The Schedule includes Provider Relief Funds of $413,140 that were received in Period 2, in accordance with the requirements of the compliance supplement for assistance listing number 93.498.

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 and Children's Service, Inc. and Subsidiaries
Phoenix, Arizona

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 and Children's Service, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of September 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 21, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Jewish Family and Children's Service, Inc. and Subsidiaries' internal control over financial reporting (internal control) as a basis for designing 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 the Jewish Family and Children's Service, Inc. and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of Jewish Family and Children's Service, Inc. and Subsidiaries' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's 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 were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Board of Directors
Jewish Family and Children's Service, Inc. and Subsidiaries

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jewish Family and Children's Service, Inc. and Subsidiaries' consolidated 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 consolidated 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
March 21, 2024

CliftonLarsonAllen LLP
CLAconnect.com

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

Board of Directors
Jewish Family and Children's Service, Inc. and Subsidiaries
Phoenix, Arizona

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Jewish Family and Children's Service, Inc. and Subsidiaries' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Jewish Family and Children's Service, Inc. and Subsidiaries' major federal programs for the year ended September 30, 2023. Jewish Family and Children's Service, Inc. and Subsidiaries' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Jewish Family and Children's Service, Inc. and Subsidiaries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 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 Jewish Family and Children's Service, Inc. and Subsidiaries 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 Jewish Family and Children's Service, Inc. and Subsidiaries' 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 Jewish Family and Children's Service, Inc. and Subsidiaries' 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 Jewish Family and Children's Service, Inc. and Subsidiaries' 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 Jewish Family and Children's Service, Inc. and Subsidiaries' 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 Jewish Family and Children's Service, Inc. and Subsidiaries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of Jewish Family and Children's Service, Inc. and Subsidiaries' 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 Jewish Family and Children's Service, Inc. and Subsidiaries' 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.

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 consolidated financial statements of Jewish Family and Children's Service, Inc. and Subsidiaries as of and for the year ended September 30, 2023, and have issued our report thereon dated March 21, 2024, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
March 21, 2024

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023

Section I – Summary of Auditors' Results

Financial Statements

1. Type auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? __x__ yes ____ no
   - Significant deficiency(ies) identified that are not considered to be material weakness(es)? ____ yes __x__ 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 that are not considered to be material weakness(es)? ____ yes __x__ none reported

2. Type of auditor's 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 Numbers	**Name of Federal Program or Cluster**
14.218	Community Development Block/ Entitlement (CDBG) Grants

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee ____ yes __x__ no

Section II – Financial Statement Findings

2023 – 001 – Financial Reporting – Classification of Net Assets With Donor Restrictions

Type of Finding: Material Weakness

Condition: The Organization's internal control processes and procedures did not properly identify that prior year ending net assets with donor restrictions were overstated due to the improper classification of Board designated assets as with donor restrictions. Accordingly, prior year ending net assets with donor restrictions and current year beginning net assets with donor restrictions were overstated by the board-designated total of $480,671, and net assets without donor restrictions were understated by the same amount.

Criteria or specific requirement: Under non-for-profit accounting standards, net assets are classified as either with or without donor restrictions. Net assets without donor restrictions may have self-imposed limitations, such as board-designated endowments, but are not classified as with donor restrictions.

Effect: Prior year ending net assets with donor restrictions and current year beginning net assets with donor restrictions were overstated by $480,671.

Cause: The net asset schedule maintained by management did not properly exclude board-designated assets from net assets with donor restrictions in the prior year.

Recommendation: We recommend that management implement additional review procedures over end of year net assets to ensure proper classification of balances.

Views of responsible officials and planned corrective actions: Management agrees with the audit condition.

Section III – Findings and Questioned Costs – Major Federal Programs

None

Jewish Family & Children's Service
Healing Lives. Whatever It Takes.

Administration Office • 4747 N 7th St, Ste 100
Phoenix, AZ 85014

**JEWISH FAMILY AND CHILDREN'S SERVICE, INC.
AND SUBSIDIARIES
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2023**

Jewish Family and Children's Service, Inc. and Subsidiaries respectfully submits the following corrective action plan for the year ended September 30, 2023.

Audit period: October 1, 2022 – September 30, 2023

The findings are numbered consistently with the Schedule of Findings and Questioned Costs assigned in the current year.

FINDINGS—FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2023-001 Restatement of Net assets

Recommendation: We recommend that management review and revise their year-end close procedures for identifying and classifying net assets with donor restrictions.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding:

Jewish Family Children's Service will institute a more comprehensive review and reconciliation process to identify discrepancies between the classifications presented in the audited financial statements as presented by the auditors and the classifications used by the company. By performing the more careful review, differences can be reconciled and appropriately presented so as to avoid restatements in the future.

Name(s) of the contact person(s) responsible for corrective action:

Terrence R. Daniels

Planned completion date for corrective action plan:

April 30, 2024