

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

**CONSOLIDATED FINANCIAL STATEMENTS
SUPPLEMENTARY INFORMATION AND
SINGLE AUDIT REPORTS**

YEARS ENDED SEPTEMBER 30, 2021 AND 2020



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**JEWISH FAMILY AND CHILDREN'S SERVICE, INC.
AND SUBSIDIARIES
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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 September 30, 2021 and 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Jewish Family and Children's Service, Inc. as of September 30, 2021 and 2020, and its changes in net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on 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, 2022, 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

Phoenix, Arizona
March 21, 2022

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND 2020

ASSETS	2021	2020
Cash and Cash Equivalents	\$ 8,403,710	\$ 8,979,212
Certificates of Deposit	6,079,719	6,850,970
Investments Held in Community Foundation	1,038,307	1,169,916
Receivables, Net	6,246,092	4,305,329
Pledges Receivable, Net	2,286,288	788,846
Prepaid Expenses	546,510	503,975
Other Assets	66,775	51,427
Deposits	671,289	969,818
Property and Equipment, Net	15,482,507	14,809,557
Total Assets	\$ 40,821,197	\$ 38,429,050
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 346,247	\$ 487,218
Accrued Expenses and Other Liabilities	2,056,757	2,454,835
Accrued Compensated Absences	1,046,235	1,146,409
Deferred Revenue	6,753,694	7,286,784
Deferred Rent	4,214,109	2,501,603
Notes Payable	4,677,985	4,907,544
Total Liabilities	19,095,027	18,784,393
NET ASSETS		
Net Assets Without Donor Restrictions:		
Board-Designated	586,409	723,672
Undesignated	16,989,514	16,415,492
Total Net Assets Without Donor Restrictions	17,575,923	17,139,164
Net Assets With Donor Restrictions	4,150,247	2,505,493
Total Net Assets	21,726,170	19,644,657
Total Liabilities and Net Assets	\$ 40,821,197	\$ 38,429,050

See accompanying Notes to Consolidated Financial Statements.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2020)

	2021		Totals	2020 Totals
	Without Donor Restriction	With Donor Restriction		
SUPPORT, REVENUES, AND OTHER GAINS				
Support:				
Government and Contracts	\$ 37,134,380	\$ -	\$ 37,134,380	\$ 39,874,823
Grants	4,578,014	-	4,578,014	5,885,902
Contributions and In-Kind Donations	2,954,094	2,200,355	5,154,449	3,164,036
Special Events, Net of Direct Benefit to Donors	291,898	-	291,898	401,956
Total Support	<u>44,958,386</u>	<u>2,200,355</u>	<u>47,158,741</u>	<u>49,326,717</u>
Revenues and Other Gains (Losses):				
Client Program Fees	95,879	-	95,879	120,607
Third Party Fees	905,016	-	905,016	1,054,690
Management Services	44,666	-	44,666	118,551
Investment Income	(35,222)	61,645	26,423	2,454,480
Miscellaneous Income	147,055	-	147,055	214,645
Total Revenues and Other Gains	<u>1,157,394</u>	<u>61,645</u>	<u>1,219,039</u>	<u>3,962,973</u>
Net Assets Released from Restrictions	<u>617,246</u>	<u>(617,246)</u>	<u>-</u>	<u>-</u>
Total Support, Revenues, and Other Gains	46,733,026	1,644,754	48,377,780	53,289,690
FUNCTIONAL EXPENSES				
Program Services:				
Integrated Health Services	28,349,863	-	28,349,863	29,542,103
Child and Family Solutions	4,325,323	-	4,325,323	4,648,608
Older Adults	646,667	-	646,667	743,924
Jewish Community Services	373,014	-	373,014	394,847
Sojourner Center	3,860,126	-	3,860,126	4,282,003
Total Program Services	<u>37,554,993</u>	<u>-</u>	<u>37,554,993</u>	<u>39,611,485</u>
Supporting Services:				
Management Services	40,982	-	40,982	1,560,191
Management and General	6,301,581	-	6,301,581	6,871,987
Fundraising	1,709,196	-	1,709,196	1,061,401
Twenty Thirty Three	689,515	-	689,515	610,972
Total Supporting Services	<u>8,741,274</u>	<u>-</u>	<u>8,741,274</u>	<u>10,104,551</u>
Total Functional Expenses	<u>46,296,267</u>	<u>-</u>	<u>46,296,267</u>	<u>49,716,036</u>
CHANGES IN NET ASSETS	436,759	1,644,754	2,081,513	3,573,654
Net Assets - Beginning of Year	<u>17,139,164</u>	<u>2,505,493</u>	<u>19,644,657</u>	<u>16,071,003</u>
NET ASSETS - END OF YEAR	<u>\$ 17,575,923</u>	<u>\$ 4,150,247</u>	<u>\$ 21,726,170</u>	<u>\$ 19,644,657</u>

See accompanying Notes to Consolidated Financial Statements.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020

	2020		Totals
	Without Donor Restriction	With Donor Restriction	
SUPPORT, REVENUES, AND OTHER GAINS			
Support:			
Government and Contracts	\$ 39,874,823	\$ -	\$ 39,874,823
Grants	5,885,902	-	5,885,902
Contributions and In-Kind Donations	1,831,386	1,332,650	3,164,036
Special Events, Net of Direct Benefit to Donors	401,956	-	401,956
Total Support	<u>47,994,067</u>	<u>1,332,650</u>	<u>49,326,717</u>
Revenues and Other Gains:			
Client Program Fees	120,607	-	120,607
Third Party Fees	1,054,690	-	1,054,690
Management Services	118,551	-	118,551
Investment Income	2,434,316	20,164	2,454,480
Miscellaneous Income	214,645	-	214,645
Total Revenues and Other Gains	<u>3,942,809</u>	<u>20,164</u>	<u>3,962,973</u>
Net Assets Released from Restrictions	<u>1,083,218</u>	<u>(1,083,218)</u>	<u>-</u>
Total Support, Revenues, and Other Gains	<u>53,020,094</u>	<u>269,596</u>	<u>53,289,690</u>
FUNCTIONAL EXPENSES			
Program Services:			
Integrated Health Services	29,542,103	-	29,542,103
Child and Family Solutions	4,648,608	-	4,648,608
Older Adults	743,924	-	743,924
Jewish Community Services	394,847	-	394,847
Sojourner Center	4,282,003	-	4,282,003
Total Program Services	<u>39,611,485</u>	<u>-</u>	<u>39,611,485</u>
Supporting Services:			
Management Services	1,560,191	-	1,560,191
Management and General	6,871,987	-	6,871,987
Fundraising	1,061,401	-	1,061,401
Twenty Thirty Three	610,972	-	610,972
Total Supporting Services	<u>10,104,551</u>	<u>-</u>	<u>10,104,551</u>
Total Functional Expenses	<u>49,716,036</u>	<u>-</u>	<u>49,716,036</u>
CHANGES IN NET ASSETS	<u>3,304,058</u>	<u>269,596</u>	<u>3,573,654</u>
Net Assets - Beginning of Year	<u>13,835,106</u>	<u>2,235,897</u>	<u>16,071,003</u>
NET ASSETS - END OF YEAR	<u><u>\$ 17,139,164</u></u>	<u><u>\$ 2,505,493</u></u>	<u><u>\$ 19,644,657</u></u>

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, 2021
(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2020)

	Program Services					Total Program Services
	Integrated Health Services	Child and Family Solutions	Older Adults	Jewish Community Services	Sojourner Center	
EXPENSES						
Salaries	\$ 16,277,994	\$ 2,963,089	\$ 478,840	\$ 263,930	\$ 2,197,256	\$ 22,181,109
Payroll Taxes and Fringe Benefits	3,151,943	623,564	74,551	30,286	370,520	4,250,864
Total Payroll Expenses	<u>19,429,937</u>	<u>3,586,653</u>	<u>553,391</u>	<u>294,216</u>	<u>2,567,776</u>	<u>26,431,973</u>
Professional Fees and Contract Services	4,901,984	88,034	24,781	33,194	79,370	5,127,363
Supplies	171,717	16,568	8,000	120	154,762	351,167
Telephone	638,006	130,708	13,747	6,971	42,416	831,848
Postage, Shipping, and Delivery	32,170	5,102	2,521	355	4,035	44,183
Occupancy	1,945,149	141,779	30,990	1,875	351,418	2,471,211
Equipment	317,886	23,757	5,694	1,290	28,237	376,864
Printing and Publications	14,725	739	370	12	606	16,452
Travel	207,646	226,470	1,089	530	8,536	444,271
Meeting and Conferences	12,558	3,754	-	-	2,721	19,033
Events	2,328	151	-	7,645	-	10,124
Specific Assistance to Clients	120,258	79,041	3,107	22,880	48,081	273,367
Membership Dues and Subscriptions	25,788	3,558	218	184	869	30,617
Insurance	155,861	13,484	1,760	1,462	53,613	226,180
In-Kind Expenses	-	-	-	-	146,080	146,080
Depreciation and Amortization	551,447	4,328	552	475	363,577	920,379
Miscellaneous	22,403	1,197	447	1,805	8,029	33,881
Provision (Adjustment) for Doubtful Accounts	(200,000)	-	-	-	-	(200,000)
Total Nonpayroll Expenses	<u>8,919,926</u>	<u>738,670</u>	<u>93,276</u>	<u>78,798</u>	<u>1,292,350</u>	<u>11,123,020</u>
Total Functional Expenses	28,349,863	4,325,323	646,667	373,014	3,860,126	37,554,993
Less: Expenses Netted Against Revenues on the Statement of Activities:	-	-	-	-	-	-
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 28,349,863</u>	<u>\$ 4,325,323</u>	<u>\$ 646,667</u>	<u>\$ 373,014</u>	<u>\$ 3,860,126</u>	<u>\$ 37,554,993</u>

(Continued)

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, 2021
(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2020)

	Supporting Services				Total Supporting Services	Total Functional Expenses	2020 Totals
	Management Services	Management and General	Fundraising	Twenty Thirty Three			
EXPENSES							
Salaries	\$ -	\$ 4,263,499	\$ 771,626	\$ -	\$ 5,035,125	\$ 27,216,234	\$ 28,140,363
Payroll Taxes and Fringe Benefits	(17,479)	757,945	118,899	-	859,365	5,110,229	6,099,719
Total Payroll Expenses	(17,479)	5,021,444	890,525	-	5,894,490	32,326,463	34,240,082
Professional Fees and Contract Services	29,723	576,228	188,816	3,045	797,812	5,925,175	5,990,411
Supplies	574	22,579	51,095	-	74,248	425,415	546,548
Telephone	2,745	85,374	15,430	-	103,549	935,397	795,870
Postage, Shipping, and Delivery	(96)	8,694	10,540	-	19,138	63,321	64,394
Occupancy	8,202	326,251	54,754	39,741	428,948	2,900,159	2,664,018
Equipment	(1,901)	131,812	9,137	7,163	146,211	523,075	589,217
Printing and Publications	252	4,298	22,101	-	26,651	43,103	30,051
Travel	401	7,468	243	-	8,112	452,383	638,643
Meeting and Conferences	-	14,196	2,354	-	16,550	35,583	48,162
Events	78	599	53,665	-	54,342	64,466	114,334
Specific Assistance to Clients	64	3,084	642	-	3,790	277,157	255,952
Membership Dues and Subscriptions	14	20,688	1,584	-	22,286	52,903	59,777
Insurance	-	21,326	13,951	50,258	85,535	311,715	280,103
In-Kind Expenses	-	-	243,924	-	243,924	390,004	647,435
Depreciation and Amortization	-	20,397	10,385	366,842	397,624	1,318,003	1,248,472
Miscellaneous	18,405	37,143	23,740	222,466	301,754	335,635	209,969
Provision (Adjustment) for Doubtful Accounts	-	-	124,525	-	124,525	(75,475)	1,350,000
Total Nonpayroll Expenses	58,461	1,280,137	826,886	689,515	2,854,999	13,978,019	15,533,356
Total Functional Expenses	40,982	6,301,581	1,717,411	689,515	8,749,489	46,304,482	49,773,438
Less: Expenses Netted Against Revenues on the Statement of Activities:							
Special Events Expenses	-	-	8,215	-	8,215	8,215	57,402
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 40,982	\$ 6,301,581	\$ 1,709,196	\$ 689,515	\$ 8,741,274	\$ 46,296,267	\$ 49,716,036

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, 2020

	Program Services					Total Program Services
	Integrated Health Services	Child and Family Solutions	Older Adults	Jewish Community Services	Sojourner Center	
EXPENSES						
Salaries	\$ 17,246,462	\$ 311,993	\$ 525,075	\$ 269,222	\$ 2,040,464	\$ 23,193,216
Payroll Taxes and Fringe Benefits	3,866,672	760,931	102,906	35,087	442,724	5,208,320
Total Payroll Expenses	<u>21,113,134</u>	<u>1,072,924</u>	<u>627,981</u>	<u>304,309</u>	<u>2,483,188</u>	<u>28,401,536</u>
Professional Fees and Contract Services	4,464,366	87,030	18,993	41,213	168,381	4,779,983
Supplies	245,065	46,369	14,455	846	171,444	478,179
Telephone	534,508	114,915	15,125	5,873	28,205	698,626
Postage, Shipping, and Delivery	27,476	4,616	2,459	181	1,664	36,396
Occupancy	1,727,791	123,058	38,575	977	340,642	2,231,043
Equipment	297,581	13,248	4,346	753	11,350	327,278
Printing and Publications	5,923	158	455	17	890	7,443
Travel	335,413	263,231	16,634	2,376	10,592	628,246
Meeting and Conferences	15,812	3,686	-	120	16,000	35,618
Events	-	-	-	6,572	1,157	7,729
Specific Assistance to Clients	113,121	95,282	875	28,155	16,167	253,600
Membership Dues and Subscriptions	39,339	3,941	613	396	194	44,483
Insurance	139,406	14,871	2,237	1,505	31,263	189,282
In-Kind Expenses	-	-	-	-	647,435	647,435
Depreciation and Amortization	466,899	4,883	703	473	346,773	819,731
Miscellaneous	16,269	396	473	1,081	6,658	24,877
Provision for Doubtful Accounts	-	-	-	-	-	-
Total Nonpayroll Expenses	<u>8,428,969</u>	<u>775,684</u>	<u>115,943</u>	<u>90,538</u>	<u>1,798,815</u>	<u>11,209,949</u>
Total Functional Expenses	<u>29,542,103</u>	<u>1,848,608</u>	<u>743,924</u>	<u>394,847</u>	<u>4,282,003</u>	<u>39,611,485</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Events Expenses	-	-	-	-	-	-
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 29,542,103</u>	<u>\$ 1,848,608</u>	<u>\$ 743,924</u>	<u>\$ 394,847</u>	<u>\$ 4,282,003</u>	<u>\$ 39,611,485</u>

(Continued)

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, 2020

	Supporting Services				Total Supporting Services	Total Functional Expenses
	Management Services	Management and General	Fundraising	Twenty Thirty Three		
EXPENSES						
Salaries	\$ -	\$ 4,229,730	\$ 717,417	\$ -	\$ 4,947,147	\$ 28,140,363
Payroll Taxes and Fringe Benefits	-	775,680	115,719	-	891,399	6,099,719
Total Payroll Expenses	-	5,005,410	833,136	-	5,838,546	34,240,082
Professional Fees and Contract Services	117,920	1,030,628	59,480	2,400	1,210,428	5,990,411
Supplies	45	50,639	17,685	-	68,369	546,548
Telephone	221	89,062	7,961	-	97,244	795,870
Postage, Shipping, and Delivery	16,269	7,690	4,039	-	27,998	64,394
Occupancy	20,416	354,893	18,544	39,122	432,975	2,664,018
Equipment	39,711	184,393	3,768	34,067	261,939	589,217
Printing and Publications	-	5,780	16,828	-	22,608	30,051
Travel	-	9,396	1,001	-	10,397	638,643
Meeting and Conferences	-	11,708	836	-	12,544	48,162
Events	-	2,224	104,381	-	106,605	114,334
Specific Assistance to Clients	-	2,218	134	-	2,352	255,952
Membership Dues and Subscriptions	-	13,296	1,998	-	15,294	59,777
Insurance	-	39,179	4,432	47,210	90,821	280,103
In-Kind Expenses	-	-	-	-	-	647,435
Depreciation and Amortization	-	22,809	9,184	396,748	428,741	1,248,472
Miscellaneous	15,609	42,662	35,396	91,425	185,092	209,969
Provision for Doubtful Accounts	1,350,000	-	-	-	1,350,000	1,350,000
Total Nonpayroll Expenses	1,560,191	1,866,577	285,667	610,972	4,323,407	15,533,356
Total Functional Expenses	1,560,191	6,871,987	1,118,803	610,972	10,161,953	49,773,438
Less: Expenses Netted Against Revenues on the Statement of Activities	-	-	57,402	-	57,402	57,402
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 1,560,191	\$ 6,871,987	\$ 1,061,401	\$ 610,972	\$ 10,104,551	\$ 49,716,036

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, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 2,081,513	\$ 3,573,654
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,318,003	1,248,472
Provision for Doubtful Accounts	(75,475)	1,350,000
Net Realized and Unrealized (Gains) Losses on Investments	131,609	(2,389,764)
Forgiveness of Notes Payable	(53,938)	(53,937)
Changes in Cash Resulting from Changes in:		
Receivables	(1,865,288)	(1,556,369)
Related Party Receivables	-	602,796
Pledges Receivable	(1,513,942)	(562,486)
Prepaid Expenses	(42,535)	(85,054)
Other Assets	(15,348)	(37)
Deposits	298,529	15,062
Accounts Payable	(140,971)	(406,849)
Accrued Expenses and Other Liabilities	(398,078)	772,300
Accrued Compensated Absences	(100,174)	162,694
Recoupment Payable	-	(1,500,000)
Deferred Revenue	(533,090)	3,121,432
Deferred Rent	1,712,506	2,004,738
Net Cash Provided by Operating Activities	803,321	6,296,652
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments Held in Community Foundation	-	(10,531)
Proceeds from Sale of Investments	-	2,225,081
Purchase of Certificates of Deposit	(1,237,409)	(6,059,124)
Redemption of Certificates of Deposit	2,008,660	1,997,758
Purchases of Property and Equipment	(1,990,953)	(1,160,551)
Net Cash Used by Investing Activities	(1,219,702)	(3,007,367)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Capital Campaign Pledges Receivable	16,500	108,953
Repayments of Notes Payable	(175,621)	(169,537)
Net Cash Used by Financing Activities	(159,121)	(60,584)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(575,502)	3,228,701
Cash and Cash Equivalents - Beginning of Year	8,979,212	5,750,511
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,403,710	\$ 8,979,212
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ 61,022	\$ 75,663

See accompanying Notes to Consolidated Financial Statements.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

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.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

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.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

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.

Certificates of Deposit

Certificates of deposit are brokered deposits and those with readily determinable fair values are measured at fair value on the consolidated statement 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.

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.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The investments in 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. 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, 2021 and 2020, included in net assets without donor restrictions is \$586,409 and \$723,672, 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.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

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 10). At September 30, 2021 and 2020, the Organization had \$3,725,071 and \$1,267,552, respectively, of conditional grants that had not been recognized in the accompanying consolidated statement 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 restriction.

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 10).

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.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

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.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

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, 2021 and 2020. 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.

Charges for Services – Patient Services (Continued)

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.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

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, 2021 and 2020.

Economic Dependency and Concentration of Credit Risk

The Organization received approximately 46% and 57% 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, 2021 and 2020, respectively. The loss of this revenue source would have a materially adverse effect on the Organization.

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. The Organization adopted ASU 2014-09 on October 1, 2020.

ASU 2014-09 requires organizations to exercise more judgment and recognize revenue using a five-step process. The Organization adopted ASU 2014-09 using the modified retrospective method for all contracts effective October 1, 2020 and is using a portfolio approach to group contracts with similar characteristics and analyze historical cash collections trends. Modified retrospective adoption requires entities to apply the standard retrospectively to the most current period presented in the financial statements, requiring the cumulative effect of the retrospective application as an adjustment to the opening balance of net assets at the date of initial application. Prior periods have not been adjusted. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact the Organization's reported historical revenue.

As a result of certain changes required by ASU 2014-09, the majority of the Organization's provision for doubtful accounts are recorded as a direct reduction to revenue and considered an implicit price concession instead of being presented as a separate line item on the consolidated statements of functional expenses. The adoption of ASU 2014-09 has no impact on the Organization's accounts receivable as it was historically recorded net of allowance for doubtful accounts and contractual adjustments. The adoption of ASU 2014-09 had no impact on the Organization's consolidated statements of activities.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle (Continued)

The Organization evaluated the nature, amount, timing and uncertainty of revenue and cash flows using the five-step process provided within ASU 2014-09.

Revenue is primarily derived from the provision of program services rendered to patients for outpatient behavioral health and medical/therapy services.

In August 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-13, Fair Value Measurement (Topic 820) – *Changes to the Disclosure Requirements for Fair Value Measurement*. The update is to improve the effectiveness of disclosures in the notes to the consolidated financial statements. The Organization's consolidated financial statements reflect adoption of ASU 2018-13 guidance for the year-ended September 30, 2021 and retrospectively applied for the year-ended September 30, 2020. The adoption of ASU 2018-13 did not impact the Organization's reported change in net assets.

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:

	<u>2021</u>	<u>2020</u>
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 8,403,710	\$ 8,979,212
Certificates of Deposit, with Current Maturities	3,728,528	2,008,600
Investments Held in Community Foundation	1,038,307	1,169,916
Receivables	6,246,092	4,305,329
Pledge Receivables	<u>2,286,288</u>	<u>788,846</u>
Total Financial Assets	21,702,925	17,251,903
Less: Amounts not Available to be Used Within One Year		
Board Designated Net Assets Without Donor Restrictions	(586,409)	(723,672)
Net Assets With Donor Restrictions	<u>(4,150,247)</u>	<u>(2,505,493)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 16,966,269</u>	<u>\$ 14,022,738</u>

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 3 CERTIFICATES OF DEPOSIT

Certificates of deposit at September 30, 2021 consist of the following:

<u>Maturity Date in Fiscal Year</u>	<u>Cost</u>	<u>Stated Rate</u>
2022	\$ 3,728,528	0.03% to 3.10%
2023	1,601,823	0.05% to 3.15%
2024	250,160	0.25%
2025	499,208	0.25% to 0.45%
Total	<u>\$ 6,079,719</u>	

Certificates of deposit at September 30, 2020 consist of the following:

<u>Maturity Date in Fiscal Year</u>	<u>Cost</u>	<u>Stated Rate</u>
2021	\$ 2,008,600	0.10% to 2.50%
2022	3,589,254	0.20% to 2.25%
2023	1,002,608	0.25% to 0.75%
2024	250,508	0.25%
Total	<u>\$ 6,850,970</u>	

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 4 RECEIVABLES

Receivables consist of the following:

	<u>2021</u>	<u>2020</u>
Department of Child Safety	\$ 729,869	\$ 501,857
AHCCCS Health Plans and Other Commercial Insurance	6,261,986	4,230,311
Maricopa RBHA	138,269	718,980
Department of Public Safety	183,784	535,798
CRS/Other Insurance	-	145
Jewish Community Foundation	68,575	62,558
City of Phoenix	75,380	89,705
Other Receivable	171,090	153,062
Subtotal	<u>7,628,953</u>	<u>6,292,416</u>
Less: Allowance for Doubtful Accounts	<u>(1,382,861)</u>	<u>(1,987,087)</u>
Total Receivables, Net	<u>\$ 6,246,092</u>	<u>\$ 4,305,329</u>

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.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 4 RECEIVABLES (CONTINUED)

The following table provides information about significant changes in accounts receivable for the years ended September 30:

	2021	2020
Accounts Receivable - Beginning Balance	\$ 4,305,329	\$ 4,869,425
Revenue Recognized	41,712,394	45,760,725
Cash Receipts	(39,947,735)	(46,324,821)
Accounts Receivable - Ending Balance	<u>\$ 6,246,092</u>	<u>\$ 4,305,329</u>

NOTE 5 PLEDGES RECEIVABLE

Pledges receivable consist of the following:

	2021	2020
Pledges Receivable	\$ 2,379,901	\$ 795,734
Less: Unamortized Discount	(3,399)	(3,399)
Total	<u>2,376,502</u>	<u>792,335</u>
Less: Allowance for Uncollectible	(90,214)	(3,489)
Pledges Receivable, Net	<u>\$ 2,286,288</u>	<u>\$ 788,846</u>
Amounts Due in:		
Less than One Year	\$ 543,241	\$ 281,801
One to Five Years	1,836,660	513,933
Total	<u>\$ 2,379,901</u>	<u>\$ 795,734</u>

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 rate approximates 1.6%.

NOTE 6 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, 2021 and 2020, certain conditions were met resulting in the Organization recording an additional gain of \$100,000 and \$784,852, respectively.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 6 INVESTMENTS (CONTINUED)

Jewish Community Foundation of Greater Phoenix

JFCS also has funds on deposit at the Jewish Community Foundation of Greater Phoenix. The investments totaled \$1,038,307 and \$1,169,916 as of September 30, 2021 and 2020, respectively. It was noted that per review of the fund agreements during the year, that three of individual funds that JFCS did not have variance power over the funds, and the funds were written down during the year resulting in a reduction of investment and loss recognized of \$253,809. In addition, JFCS recognized unrealized gains on the true investments of \$121,341 and \$32,496 for the years ended September 30, 2021 and 2020, respectively, and \$55,957 and \$63,100 in interest income included in investment income for the years ended September 30, 2021 and 2020, respectively.

Other Assets

JFCS has three other investments carried at cost which totaled \$66,775 and \$51,427 at September 30, 2021 and 2020, respectively.

NOTE 7 PROPERTY AND EQUIPMENT

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

	2021	2020
Land	\$ 1,306,154	\$ 1,306,154
Building and Improvements	16,124,311	16,069,225
Furniture and Equipment	4,852,871	4,519,511
Computer Software	514,413	615,855
Leasehold Improvements	4,513,707	2,693,086
Construction in Process	122,421	326,634
Total	<u>27,433,877</u>	<u>25,530,465</u>
Less: Accumulated Depreciation and Amortization	<u>(11,951,370)</u>	<u>(10,720,908)</u>
Property and Equipment, Net	<u>\$ 15,482,507</u>	<u>\$ 14,809,557</u>

Depreciation and amortization expense charged to operations was \$1,318,003 and \$1,248,472 for the years ended September 30, 2021 and 2020, respectively. There was no interest capitalized in either 2021 or 2020 due to its immateriality.

NOTE 8 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).

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 8 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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.

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.

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 September 30, 2025 and earn various stated rates ranging from 0.10% to 2.25%.

Investments Held by Jewish Community Foundation of Greater Phoenix

The Organization's investments held by Jewish Community Foundation of Greater Phoenix primarily consist of State of Israel bonds, corporate and governmental debt securities, and equity securities, which are held primarily at stock brokerage firms. The fair value on these investments, held by Jewish Community Foundation of Greater Phoenix, 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.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 8 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Investments Held by Jewish Community Foundation of Greater Phoenix (Continued)

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.

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, 2021 and 2020.

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

	2021			
	Level 1	Level 2	Level 3	Total
Investment Held by Jewish Community Foundation of Greater Phoenix	\$ -	\$ -	\$ 1,038,307	\$ 1,038,307
Certificates of Deposit	-	6,079,719	-	6,079,719
Total Assets Held at Fair Value	\$ -	\$ 6,079,719	\$ 1,038,307	\$ 7,118,026
	2020			
	Level 1	Level 2	Level 3	Total
Investment Held by Jewish Community Foundation of Greater Phoenix	\$ -	\$ -	\$ 1,169,916	\$ 1,169,916
Certificates of Deposit	-	6,850,970	-	6,850,970
Total Assets Held at Fair Value	\$ -	\$ 6,850,970	\$ 1,169,916	\$ 8,020,886

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

	2021	2020
Purchases	\$ -	\$ -
Sales	-	-
Transfers In	-	10,531
Transfers Out	-	(39,601)

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 9 LINE OF CREDIT

The Organization had a revolving line of credit for \$1,000,000 from a bank with no balance outstanding as of September 30, 2020. The line of credit was unsecured and had interest that was payable monthly at one month LIBOR plus 3% (5.27%) as of September 30, 2020. In January 2021, the line of credit was closed.

NOTE 10 DEFERRED REVENUE

For the years ended September 30, 2021 and 2020, 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 \$2,573,748 and \$2,880,481, respectively.

Remaining deferred revenue for the years ended September 30, 2021 and 2020 was \$4,432,747 and \$4,406,303, respectively, were mainly due to the payments for the targeted investment programs.

The following table provides information about significant changes in deferred revenue for the years ended September 30:

	2021	2020
Deferred Revenue - Beginning Balance	\$ 7,286,784	\$ 5,665,352
Revenue Recognized	(6,472,098)	(10,733,565)
Cash Receipts	5,762,904	12,354,997
Deferred Revenue - Ending Balance	\$ 6,753,694	\$ 7,286,784

NOTE 11 NOTES PAYABLE

Notes payable consists of the following for the years ended September 30, 2021 and 2020:

<u>Description</u>	2021	2020
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.	\$ 1,762,914	\$ 1,861,973
Note payable, secured by equipment of the Organization, payable in equal monthly installments of \$6,500, bearing interest at a fixed rate of 2.5%, until final payment, note paid in full subsequent to year-end.	19,670	96,232

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 11 NOTES PAYABLE (CONTINUED)

<u>Description</u>	<u>2021</u>	<u>2020</u>
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.	\$ 870,000	\$ 910,000
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 zero percent 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.	36,007	49,945
Total	<u>\$ 4,677,985</u>	<u>\$ 4,907,544</u>

Interest expense on the notes payable was \$61,022 and \$67,509 for the years ended September 30, 2021 and 2020, respectively, and is included in supporting services expenses in the accompanying consolidated statements of activities.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 11 NOTES PAYABLE (CONTINUED)

As of September 30, 2021, the approximate aggregate maturities required on the note payable are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2022	\$ 176,934
2023	160,477
2024	163,882
2025	1,496,142
2026	53,937
Thereafter	2,626,613
Total	<u>\$ 4,677,985</u>

NOTE 12 OPERATING LEASES

The Organization leases various facilities and equipment under operating leases expiring after 2021. Total lease expense was \$1,556,205 and \$1,127,582 for the years ended September 30, 2021 and 2020, respectively.

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

<u>Year Ending September 30,</u>	<u>Amount</u>
2022	\$ 1,765,034
2023	1,712,753
2024	1,544,120
2025	1,630,920
2026	1,668,971
Thereafter	10,161,145
Total	<u>\$ 18,482,943</u>

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restriction are available as follows:

	<u>2021</u>	<u>2020</u>
Pledge Receivable	\$ 2,379,901	\$ 795,734
Endowment	338,357	295,502
Purpose Restricted:		
Program Services	1,046,626	977,365
Sojourner Center	385,363	436,892
Total Temporarily Restricted Net Assets	<u>\$ 4,150,247</u>	<u>\$ 2,505,493</u>

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

A summary of the net assets released from restriction are as follows:

	2021	2020
Time Restricted	\$ 150,000	\$ 92,067
Program Services	275,718	460,842
Sojourner Center	191,528	530,309
Total	\$ 617,246	\$ 1,083,218

NOTE 14 RETIREMENT PLAN

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.

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, 2021 and 2020, 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 \$478,220 and \$482,050 for the years ended September 30, 2021 and 2020, respectively. Of those total contributions, the 403(b) Plan total contribution expense was \$80,499 and \$91,308 and the 401(k) Plan total contribution expense was \$402,803 and \$390,742 for the years ended September 30, 2021 and 2020, 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, 2021 and 2020.

NOTE 15 ADVERTISING

The Organization uses advertising to promote its community programs and recruit employees. Advertising costs are expensed as incurred. Advertising expense totaled \$17,624 and \$9,918 for the years ended September 30, 2021 and 2020, respectively.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 16 COMMITMENT 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, 2021 and 2020.

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, 2021, 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.

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2021 operations and financial results. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

In the opinion of management, the Organization was not involved, as of September 30, 2021, in any pending or threatened claims/litigation that could materially affect the Organization's financial position and changes in net assets.

NOTE 17 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 \$338,357 and \$295, 502 for the years ended September 30, 2021 and 2020, 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.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 17 ENDOWMENT (CONTINUED)

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 18 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 19 SUBSEQUENT EVENTS

Management evaluated subsequent events through March 21, 2022, the date the consolidated financial statements were available to be issued. Events or transactions occurring after September 30, 2021, but prior to March 21, 2022, that provided additional evidence about conditions that existed at September 30, 2021, have been recognized in the consolidated financial statements for the year ended September 30, 2021. Events or transactions that provided evidence about conditions that did not exist at September 30, 2021, but arose before the consolidated financial statements were available to be issued, have not been recognized in the consolidated financial statements for the year ended September 30, 2021.

NOTE 20 NEW ACCOUNTING STANDARDS

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the entity's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. Management is evaluating the impact of the amended lease guidance on the Organization's consolidated financial statements.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
SEPTEMBER 30, 2021
(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	\$ 6,232,323	\$ 823,112	\$ 1,348,275	\$ -	\$ 8,403,710
Certificates of Deposit	6,079,719	-	-	-	6,079,719
Investments Held in Community Foundation	1,038,307	-	-	-	1,038,307
Investments in Subsidiaries	6,829,940	-	-	(6,829,940)	-
Receivables, Net	5,839,212	407,583	(703)	-	6,246,092
Related Party Receivables, Net	2,315,881	-	(171,355)	(2,144,526)	-
Pledges Receivable, Net	2,286,288	-	-	-	2,286,288
Prepaid Expenses	505,095	41,415	-	-	546,510
Other Assets	36,830	29,945	-	-	66,775
Deposits	671,021	-	268	-	671,289
Property and Equipment, Net	3,891,205	8,642,891	2,948,411	-	15,482,507
	<u>\$ 35,725,821</u>	<u>\$ 9,944,946</u>	<u>\$ 4,124,896</u>	<u>\$ (8,974,466)</u>	<u>\$ 40,821,197</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts Payable	\$ 167,318	\$ 1,063,967	\$ 140,759	\$ (1,025,797)	\$ 346,247
Accrued Expenses and Other Liabilities	1,883,461	159,728	13,568	-	2,056,757
Accrued Compensated Absences	981,069	65,166	-	-	1,046,235
Deferred Revenue	6,753,694	-	-	-	6,753,694
Deferred Rent	4,214,109	-	-	-	4,214,109
Notes Payable	-	2,895,401	2,901,313	(1,118,729)	4,677,985
Total Liabilities	<u>13,999,651</u>	<u>4,184,262</u>	<u>3,055,640</u>	<u>(2,144,526)</u>	<u>19,095,027</u>
NET ASSETS					
Net Assets Without Donor Restrictions:					
Board-Designated	586,409	-	-	-	586,409
Undesignated	16,989,514	5,375,321	1,069,256	(6,444,577)	16,989,514
Total Net Assets Without Donor Restrictions	<u>17,575,923</u>	<u>5,375,321</u>	<u>1,069,256</u>	<u>(6,444,577)</u>	<u>17,575,923</u>
Net Assets With Donor Restrictions	<u>4,150,247</u>	<u>385,363</u>	<u>-</u>	<u>(385,363)</u>	<u>4,150,247</u>
Total Net Assets	<u>21,726,170</u>	<u>5,760,684</u>	<u>1,069,256</u>	<u>(6,829,940)</u>	<u>21,726,170</u>
Total Liabilities and Net Assets	<u>\$ 35,725,821</u>	<u>\$ 9,944,946</u>	<u>\$ 4,124,896</u>	<u>\$ (8,974,466)</u>	<u>\$ 40,821,197</u>

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF ACTIVITIES
SEPTEMBER 30, 2021
(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	\$ 36,831,733	\$ 302,647	\$ -	\$ -	\$ 37,134,380
Grants	1,599,266	2,978,748	-	-	4,578,014
Contributions and In-Kind Donations	3,629,431	1,525,018	-	-	5,154,449
Special Events, Net of Direct Benefit to Donors	272,409	19,489	-	-	291,898
Total Support	<u>42,332,839</u>	<u>4,825,902</u>	<u>-</u>	<u>-</u>	<u>47,158,741</u>
Revenues and Other Gains (Losses):					
Client Program Fees	95,879	-	-	-	95,879
Third-Party Fees	905,016	-	-	-	905,016
Management Services	442,791	-	795,205	(1,193,330)	44,666
Investment Income	17,905	8,444	74	-	26,423
Investment Income (Loss) in Subsidiary	(245,809)	-	-	245,809	-
Miscellaneous Income	17,600	129,455	-	-	147,055
Total Revenue and Other Gains	<u>1,233,382</u>	<u>137,899</u>	<u>795,279</u>	<u>(947,521)</u>	<u>1,219,039</u>
Total Support, Revenues, and Other Gains	<u>43,566,221</u>	<u>4,963,801</u>	<u>795,279</u>	<u>(947,521)</u>	<u>48,377,780</u>
FUNCTIONAL EXPENSES					
Program Services:					
Integrated Health Services	28,934,063	-	-	(584,200)	28,349,863
Child and Family Solutions	4,460,740	-	-	(135,417)	4,325,323
Older Adults	663,631	-	-	(16,964)	646,667
Jewish Community Services	384,453	-	-	(11,439)	373,014
Sojourner Center	-	3,860,126	-	-	3,860,126
Total Program Services	<u>34,442,887</u>	<u>3,860,126</u>	<u>-</u>	<u>(748,020)</u>	<u>37,554,993</u>
Supporting Services:					
Management Services	(737,127)	778,109	-	-	40,982
Management and General	6,483,792	14,401	-	(196,612)	6,301,581
Fundraising	1,295,156	429,548	-	(15,508)	1,709,196
Twenty Thirty Three	-	-	922,705	(233,190)	689,515
Total Supporting Services	<u>7,041,821</u>	<u>1,222,058</u>	<u>922,705</u>	<u>(445,310)</u>	<u>8,741,274</u>
Total Functional Expenses	<u>41,484,708</u>	<u>5,082,184</u>	<u>922,705</u>	<u>(1,193,330)</u>	<u>46,296,267</u>
CHANGES IN NET ASSETS	2,081,513	(118,383)	(127,426)	245,809	2,081,513
Net Assets - Beginning of Year	<u>19,644,657</u>	<u>5,879,067</u>	<u>1,196,682</u>	<u>(7,075,749)</u>	<u>19,644,657</u>
NET ASSETS - END OF YEAR	<u>\$ 21,726,170</u>	<u>\$ 5,760,684</u>	<u>\$ 1,069,256</u>	<u>\$ (6,829,940)</u>	<u>\$ 21,726,170</u>

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2021

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	\$ -	\$ 49,495 *
Loan Balance	14.218	107477	-	910,000 *
Loan Balance	14.218	125187	-	1,500,000 *
Total CDBGt Grants Cluster			-	2,459,495
Emergency Solutions Grant Program - COVID				
Pass-Through the Arizona Department of Economic Security	14.231	DES-HMLS-2A06	-	141,716
Emergency Solutions Grant Program - COVID				
Pass-Through the City of Glendale	14.231	FY20-21	-	10,285
Total U.S. Department of Housing and Urban Development			-	2,611,496
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-0012	-	1,011,873 *
Pass-Through the Arizona Department of Public Safety	16.575	2019-V2-GX-0041	-	200,055 *
Subtotal VOCA Crime Victim Assistance Grant Program			-	1,211,928
Violence Against Women Formula Grants				
Pass-Through AZ Governor's Office	16.588	ST-WSG-202-01021-19	-	84,814
Total U.S. Department of Justice			-	1,296,742
U.S. Department of Labor				
Workforce Innovation and Opportunity Act - Adult Program				
Pass-Through the City of Phoenix	17.258	145116-9	-	200,761
Workforce Innovation and Opportunity Act - Youth Activities				
Pass-Through the City of Phoenix	17.259	154076-0	-	75,380
Total Workforce Innovation and Opportunity Act Cluster			-	276,141
Total U.S. Department of Labor			-	276,141
US Department of Treasury				
Corona Virus Relief Fund				
Pass-Through the City of Phoenix	21.019	152677-0	-	220,697
Total U.S. Department of Treasury			-	220,697
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	-	10,492
Temporary Assistance to Needy Families:				
Pass-Through the Arizona Department of Economic Security	93.558	ADES17-178650	-	755,852 *
Total Temporary Assistance to Needy Families Cluster			-	755,852
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	-	33,768
Total Child Care and Development Fund Cluster			-	109,746
Social Services Block Grant:				
Pass-Through the Arizona Department of Economic Security	93.667	ADES17-178650	-	103,226
Block Grants for Community Mental Health Services				
Pass-Through Mercy Care	93.958		-	179,067
Block Grants for Prevention and Treatment of Substance Abuse				
Pass-Through Mercy Care	93.959		-	15,421
Total U.S. Department of Health and Human Services			-	1,173,804
Total Federal Expenditures			\$ -	\$ 5,578,880

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2021

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, 2021. 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)	\$ 870,000
14.218	Community Development Block Grant Entitlement Grants (Loan No. 135163-0)	36,007
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, 2021. As of September 30, 2021 the outstanding balance under the loans was \$2,459,945.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2021

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)



**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, 2021, 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, 2022.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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

Phoenix, Arizona
March 21, 2022



**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

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, 2021. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Jewish Family and Children's Service, Inc. and Subsidiaries' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jewish Family and Children's Service, Inc. and Subsidiaries' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Jewish Family and Children's Service, Inc. and Subsidiaries' compliance.

Opinion on Each Major Federal Program

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, 2021.

Report on Internal Control Over Compliance

Management of Jewish Family and Children's Service, Inc. and Subsidiaries is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jewish Family and Children's Service, Inc. and Subsidiaries' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jewish Family and Children's Service, Inc. and Subsidiaries' 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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, 2021, and have issued our report thereon dated March 21, 2022, 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 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

Phoenix, Arizona
March 21, 2022

**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2021**

Section I – Summary of Auditors' Results

Financial Statements

1. Type auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x 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

14.218

Name of Federal Program or Cluster

Community Development Block Grant/
Entitlement Grants

16.575

Victims of Crime Act Crime Victim
Assistance Grant

93.558

Temporary Assistance to Needy Families

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee

_____ yes x no

**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2021**

Section II – Financial Statement Findings

None

Section II – Findings and Questioned Costs – Major Federal Programs

None

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