

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

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

**YEARS ENDED SEPTEMBER 30, 2024 AND 2023**



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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 Audit of the Consolidated Financial Statements

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Jewish Family and Children's Service, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as of September 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Jewish Family and Children's Service, Inc. and Subsidiaries, as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Change in Accounting Principle***

As discussed in Note 1 to the consolidated financial statements, Jewish Family and Children's Service, Inc. and Subsidiaries adopted new accounting guidance for the measurement of credit losses on financial statements. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Consolidated Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Jewish Family and Children's Service, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jewish Family and Children's Service, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

***Supplementary Information***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2025, 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 25, 2025

**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 6,742,667	\$ 5,306,549
Investments	2,836,333	5,351,060
Receivables, Net of Allowance for Credit Losses of \$2,167,477 and \$137,353, Respectively	5,121,591	4,609,067
Pledges Receivable, Net	569,061	440,503
Prepaid Expenses and Other Assets	465,281	527,598
Deposits	144,719	162,852
Operating Right-of-Use-Asset	9,424,013	10,532,082
Financing Right-of-Use Asset	139,040	278,081
Property and Equipment, Net	<u>13,304,605</u>	<u>14,222,536</u>
Total Assets	<u><u>\$ 38,747,310</u></u>	<u><u>\$ 41,430,328</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 158,772	\$ 363,951
Accrued Expenses and Other Liabilities	2,109,116	2,000,607
Accrued Compensated Absences	1,130,384	1,172,185
Deferred Revenue	815,382	726,810
Lease Liability - Operating	12,975,509	14,372,108
Lease Liability - Financing	144,980	283,937
Notes Payable	4,185,580	4,351,566
Line of Credit	<u>3,000,000</u>	<u>-</u>
Total Liabilities	24,519,723	23,271,164
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Board-Designated	584,681	512,710
Undesignated	<u>11,110,366</u>	<u>15,565,921</u>
Total Without Donor Restrictions	11,695,047	16,078,631
With Donor Restrictions	<u>2,532,540</u>	<u>2,080,533</u>
Total Net Assets	<u><u>14,227,587</u></u>	<u><u>18,159,164</u></u>
Total Liabilities and Net Assets	<u><u>\$ 38,747,310</u></u>	<u><u>\$ 41,430,328</u></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, 2024**  
(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2024	2023
<b>SUPPORT, REVENUES, AND OTHER GAINS</b>				
Support:				
Government and Contracts	\$ 37,636,850	\$ -	\$ 37,636,850	\$ 39,433,299
Grants	2,965,296	-	2,965,296	2,962,648
Contributions	3,038,176	1,336,519	4,374,695	3,368,883
Donated Goods and Services	1,033,568	-	1,033,568	810,875
Special Events, Net of Direct Benefit to Donors	235,197	-	235,197	684,758
Total Support	44,909,087	1,336,519	46,245,606	47,260,463
Revenues and Other Gains:				
Client Program Fees	231,893	-	231,893	32,109
Management Services	19,747	-	19,747	19,452
Investment Income	377,581	55,901	433,482	346,536
Miscellaneous Income	491,015	-	491,015	307,252
Total Revenues and Other Gains	1,120,236	55,901	1,176,137	705,349
Net Assets Released from Restrictions	940,413	(940,413)	-	-
Total Support, Revenues, and Other Gains	46,969,736	452,007	47,421,743	47,965,812
<b>FUNCTIONAL EXPENSES</b>				
Program Services:				
Integrated Health Services	29,886,061	-	29,886,061	31,085,439
Child and Family Solutions	3,540,650	-	3,540,650	3,471,572
Older Adults	768,717	-	768,717	758,372
Jewish Community Services	292,875	-	292,875	327,273
Sojourner Center	5,042,608	-	5,042,608	5,362,112
Total Program Services	39,530,911	-	39,530,911	41,004,768
Supporting Services:				
Management Services	37,512	-	37,512	9,061
Management and General	9,741,804	-	9,741,804	7,724,818
Fundraising	1,620,423	-	1,620,423	2,239,126
Twenty Thirty Three	422,670	-	422,670	466,218
Total Supporting Services	11,822,409	-	11,822,409	10,439,223
Total Functional Expenses	51,353,320	-	51,353,320	51,443,991
<b>CHANGES IN NET ASSETS</b>	(4,383,584)	452,007	(3,931,577)	(3,478,179)
Net Assets - Beginning of Year	16,078,631	2,080,533	18,159,164	21,637,343
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 11,695,047</u>	<u>\$ 2,532,540</u>	<u>\$ 14,227,587</u>	<u>\$ 18,159,164</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, 2023**

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT, REVENUES, AND OTHER GAINS</b>			
Support:			
Government and Contracts	\$ 39,433,299	\$ -	\$ 39,433,299
Grants	2,962,648	-	2,962,648
Contributions	2,924,165	444,718	3,368,883
Donated Goods and Services	810,875	-	810,875
Special Events, Net of Direct Benefit to Donors	684,758	-	684,758
Total Support	46,815,745	444,718	47,260,463
Revenues and Other Gains:			
Client Program Fees	32,109	-	32,109
Management Services	19,452	-	19,452
Investment Income	301,154	45,382	346,536
Miscellaneous Income	307,252	-	307,252
Total Revenues and Other Gains	659,967	45,382	705,349
Net Assets Released from Restrictions	1,115,531	(1,115,531)	-
Total Support, Revenues, and Other Gains	48,591,243	(625,431)	47,965,812
<b>FUNCTIONAL EXPENSES</b>			
Program Services:			
Integrated Health Services	31,085,439	-	31,085,439
Child and Family Solutions	3,471,572	-	3,471,572
Older Adults	758,372	-	758,372
Jewish Community Services	327,273	-	327,273
Sojourner Center	5,362,112	-	5,362,112
Total Program Services	41,004,768	-	41,004,768
Supporting Services:			
Management Services	9,061	-	9,061
Management and General	7,724,818	-	7,724,818
Fundraising	2,239,126	-	2,239,126
Twenty Thirty Three	466,218	-	466,218
Total Supporting Services	10,439,223	-	10,439,223
Total Functional Expenses	51,443,991	-	51,443,991
<b>CHANGES IN NET ASSETS</b>	(2,852,748)	(625,431)	(3,478,179)
Net Assets - Beginning of Year, As Restated	18,931,379	2,705,964	21,637,343
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 16,078,631</u>	<u>\$ 2,080,533</u>	<u>\$ 18,159,164</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, 2024**  
(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2023)

	Program Services					Total Program Services
	Integrated Health Services	Child and Family Solutions	Older Adults	Jewish Community Services	Sojourner Center	
<b>EXPENSES</b>						
Salaries	\$ 17,853,889	\$ 2,276,401	\$ 534,801	\$ 217,196	\$ 2,000,239	\$ 22,882,526
Payroll Taxes and Fringe Benefits	3,862,191	542,433	86,856	33,272	468,601	4,993,353
Total Payroll Expenses	21,716,080	2,818,834	621,657	250,468	2,468,840	27,875,879
Professional Fees and Contract Services	4,123,803	73,230	82,294	11,228	24,037	4,314,592
Supplies	79,518	12,524	1,006	1	214,369	307,418
Telephone	350,594	64,317	9,491	3,401	58,352	486,155
Postage, Shipping, and Delivery	13,513	2,223	106	67	2,590	18,499
Occupancy	1,896,403	163,142	22,353	2,039	526,217	2,610,154
Equipment	469,170	15,856	5,235	2,597	73,551	566,409
Printing and Publications	5,131	266	1,140	539	530	7,606
Travel	232,861	135,879	16,044	7,911	20,629	413,324
Meeting and Conferences	4,201	1,460	-	-	133	5,794
Events	6,542	-	-	517	2,942	10,001
Specific Assistance to Clients	298,562	225,705	-	12,852	76,462	613,581
Membership Dues and Subscriptions	20,692	3,660	435	139	3,426	28,352
Insurance	71,735	6,832	1,363	408	98,500	178,838
Donated Goods and Services	-	-	-	-	1,033,568	1,033,568
Depreciation and Amortization	544,500	13,127	3,216	586	433,166	994,595
Miscellaneous	52,756	3,595	4,377	122	5,296	66,146
Provision (Adjustment) for Credit Losses	-	-	-	-	-	-
Total Nonpayroll Expenses	8,169,981	721,816	147,060	42,407	2,573,768	11,655,032
Total Expenses by Function	29,886,061	3,540,650	768,717	292,875	5,042,608	39,530,911
Less: Expenses Netted Against Revenues on the Consolidated Statement of Activities:						
Special Events Expenses	-	-	-	-	-	-
Total Expenses Included in the Expense Section of the Consolidated Statement of Activities	<u>\$ 29,886,061</u>	<u>\$ 3,540,650</u>	<u>\$ 768,717</u>	<u>\$ 292,875</u>	<u>\$ 5,042,608</u>	<u>\$ 39,530,911</u>

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, 2024**  
**(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2023)**

EXPENSES	Supporting Services					Total Expenses	
	Management	Management	Fundraising	Twenty	Total	2024	2023
	Services	and General		Thirty	Supporting		
				Three	Services		
Salaries	\$ -	\$ 4,553,978	\$ 665,534	\$ -	\$ 5,219,512	\$ 28,102,038	\$ 29,664,475
Payroll Taxes and Fringe Benefits	3,349	1,004,759	164,335	-	1,172,443	6,165,796	5,604,340
Total Payroll Expenses	3,349	5,558,737	829,869	-	6,391,955	34,267,834	35,268,815
Professional Fees and Contract Services	-	483,349	359,940	3,396	846,685	5,161,277	6,027,418
Supplies	-	26,930	3,303	-	30,233	337,651	442,284
Telephone	29,907	65,919	19,507	-	115,333	601,488	757,528
Postage, Shipping, and Delivery	-	4,391	1,691	-	6,082	24,581	45,726
Occupancy	-	292,442	55,510	61,906	409,858	3,020,012	2,916,840
Equipment	(123)	146,183	60,592	6,537	213,189	779,598	599,872
Printing and Publications	-	6,717	34,881	-	41,598	49,204	75,088
Travel	-	29,941	1,684	-	31,625	444,949	431,710
Meeting and Conferences	-	1,006	2,282	-	3,288	9,082	28,158
Events	-	612	138,323	-	138,935	148,936	129,339
Specific Assistance to Clients	-	136	32,280	-	32,416	645,997	699,235
Membership Dues and Subscriptions	-	5,481	2,401	-	7,882	36,234	44,912
Insurance	-	15,078	81,245	30,651	126,974	305,812	350,850
Donated Goods and Services	-	-	-	-	-	1,033,568	811,429
Depreciation and Amortization	123	49,164	69,106	267,633	386,026	1,380,621	1,378,730
Miscellaneous	4,256	226,910	47,008	52,547	330,721	396,867	136,963
Provision (Adjustment) for Credit Losses	-	2,829,420	-	-	2,829,420	2,829,420	1,374,926
Total Nonpayroll Expenses	34,163	4,183,679	909,753	422,670	5,550,265	17,205,297	16,251,008
Total Expenses by Function	37,512	9,742,416	1,739,622	422,670	11,942,220	51,473,131	51,519,823
Less: Expenses Netted Against Revenues on the Consolidated Statement of Activities:							
Special Events Expenses	-	612	119,199	-	119,811	119,811	75,832
Total Expenses Included in the Expense Section of the Consolidated Statement of Activities	\$ 37,512	\$ 9,741,804	\$ 1,620,423	\$ 422,670	\$ 11,822,409	\$ 51,353,320	\$ 51,443,991

See accompanying Notes to Consolidated Financial Statements.

**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2023**

	Program Services					Total Program Services
	Integrated Health Services	Child and Family Solutions	Older Adults	Jewish Community Services	Sojourner Center	
<b>EXPENSES</b>						
Salaries	\$ 18,723,467	\$ 2,277,724	\$ 539,377	\$ 235,553	\$ 2,699,707	\$ 24,475,828
Payroll Taxes and Fringe Benefits	3,560,407	522,080	82,722	30,307	416,078	4,611,594
Total Payroll Expenses	22,283,874	2,799,804	622,099	265,860	3,115,785	29,087,422
Professional Fees and Contract Services	4,755,985	63,020	73,725	18,165	16,833	4,927,728
Supplies	149,274	19,375	1,747	1	224,427	394,824
Telephone	491,536	89,794	12,282	6,282	63,985	663,879
Postage, Shipping, and Delivery	28,796	4,124	448	429	5,194	38,991
Occupancy	1,845,834	174,381	3,666	1,971	524,871	2,550,723
Equipment	351,107	26,430	6,658	1,613	58,965	444,773
Printing and Publications	9,077	1,594	348	2,324	2,025	15,368
Travel	253,771	112,489	10,239	5,825	20,758	403,082
Meeting and Conferences	9,325	3,159	-	-	1,814	14,298
Events	2,559	367	115	18,322	4,533	25,896
Specific Assistance to Clients	96,492	152,557	-	4,503	64,694	318,246
Membership Dues and Subscriptions	27,357	4,002	790	197	3,801	36,147
Insurance	183,614	14,770	2,926	1,145	69,170	271,625
Donated Goods and Services	552	422	21,000	-	736,132	758,106
Depreciation and Amortization	583,213	4,023	627	263	426,789	1,014,915
Miscellaneous	13,073	1,261	1,702	373	22,336	38,745
Provision (Adjustment) for Credit Losses	-	-	-	-	-	-
Total Nonpayroll Expenses	8,801,565	671,768	136,273	61,413	2,246,327	11,917,346
Total Expenses by Function	31,085,439	3,471,572	758,372	327,273	5,362,112	41,004,768
Less: Expenses Netted Against Revenues on the Consolidated Statement of Activities:						
Special Events Expenses	-	-	-	-	-	-
Total Expenses Included in the Expense Section of the Consolidated Statement of Activities	\$ 31,085,439	\$ 3,471,572	\$ 758,372	\$ 327,273	\$ 5,362,112	\$ 41,004,768

See accompanying Notes to Consolidated Financial Statements.

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

	Supporting Services					
	Management Services	Management and General	Fundraising	Twenty Thirty Three	Total Supporting Services	Total Functional Expenses
<b>EXPENSES</b>						
Salaries	\$ 33	\$ 4,296,534	\$ 892,080	\$ -	\$ 5,188,647	\$ 29,664,475
Payroll Taxes and Fringe Benefits	4	848,813	143,929	-	992,746	5,604,340
Total Payroll Expenses	37	5,145,347	1,036,009	-	6,181,393	35,268,815
Professional Fees and Contract Services	-	638,020	441,559	20,111	1,099,690	6,027,418
Supplies	2	28,152	19,306	-	47,460	442,284
Telephone	-	73,140	20,509	-	93,649	757,528
Postage, Shipping, and Delivery	-	3,776	2,959	-	6,735	45,726
Occupancy	142	247,806	56,341	61,828	366,117	2,916,840
Equipment	1	110,045	36,843	8,210	155,099	599,872
Printing and Publications	-	6,436	53,284	-	59,720	75,088
Travel	-	24,979	3,649	-	28,628	431,710
Meeting and Conferences	-	10,688	3,172	-	13,860	28,158
Events	-	-	103,443	-	103,443	129,339
Specific Assistance to Clients	1,528	-	379,461	-	380,989	699,235
Membership Dues and Subscriptions	-	3,995	4,770	-	8,765	44,912
Insurance	-	23,865	25,770	29,590	79,225	350,850
Donated Goods and Services	-	-	53,323	-	53,323	811,429
Depreciation and Amortization	5	6,909	45,299	311,602	363,815	1,378,730
Miscellaneous	7,346	26,734	29,261	34,877	98,218	136,963
Provision (Adjustment) for Doubtful Accounts	-	1,374,926	-	-	1,374,926	1,374,926
Total Nonpayroll Expenses	9,024	2,579,471	1,278,949	466,218	4,333,662	16,251,008
Total Expenses by Function	9,061	7,724,818	2,314,958	466,218	10,515,055	51,519,823
Less: Expenses Netted Against Revenues on the Consolidated Statement of Activities:						
Special Events Expenses	-	-	75,832	-	75,832	75,832
Total Expenses Included in the Expense Section of the Consolidated Statement of Activities	\$ 9,061	\$ 7,724,818	\$ 2,239,126	\$ 466,218	\$ 10,439,223	\$ 51,443,991

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, 2024 AND 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ (3,931,577)	\$ (3,478,179)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	1,380,621	1,378,730
Noncash Lease Expense	(288,530)	(201,151)
Provision for Credit Losses	2,829,420	1,374,926
Net Realized and Unrealized (Gains) Losses on Investments	(97,461)	(65,165)
Forgiveness of Notes Payable	(48,131)	(53,938)
Changes in Cash Resulting from Changes in:		
Receivables	(3,341,944)	(852,181)
Pledges Receivable	(128,558)	25,547
Prepaid Expenses and Other Assets	62,317	62,343
Deposits	18,133	3,837
Accounts Payable	(205,179)	32,675
Accrued Expenses and Other Liabilities	108,509	(11,704)
Accrued Compensated Absences	(41,801)	90,532
Deferred Revenue	88,572	(6,603,906)
Net Cash Used by Operating Activities	(3,595,609)	(8,297,634)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Investments	-	44,937
Purchase of Certificates of Deposit	(1,012,646)	(6,303,529)
Redemption of Certificates of Deposit	4,100,181	13,458,638
Purchase of Investments	(475,347)	-
Purchases of Property and Equipment	(323,649)	(532,113)
Net Cash Provided by Investing Activities	2,288,539	6,667,933
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Financing Lease Liability	(138,957)	(133,185)
Repayments of Notes Payable	(117,855)	(96,601)
Advance on Line of Credit	3,000,000	-
Net Cash Provided (Used) Used by Financing Activities	2,743,188	(229,786)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,436,118	(1,859,487)
Cash and Cash Equivalents - Beginning of Year	5,306,549	7,166,036
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 6,742,667</u>	<u>\$ 5,306,549</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest Paid	<u>\$ 273,132</u>	<u>\$ 47,397</u>

See accompanying Notes to Consolidated Financial Statements.

**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**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, 2024 AND 2023**

**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, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets (Continued)**

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

**Cash and Cash Equivalents**

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

**Receivables**

Accounts receivable are stated at net realizable value. Receivables consist primarily of amounts due from various governmental agencies and seven contractors within the Arizona Health Care Costs Containment System (AHCCCS) Complete Care health plans. Receivables are carried at the original invoice amount less an estimated provision for credit losses 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 future economic conditions. Receivables are written off when deemed uncollectible.

**Pledges Receivable**

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

**Investments**

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



**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments (Continued)**

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

**Board-Designated Net Assets**

As of September 30, 2024 and 2023, included in net assets without donor restrictions is \$584,681 and \$512,710, 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, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions and Grants**

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

A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants. Amounts received are recognized as earned and are reported as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received but not yet earned are reported as deferred revenue in the consolidated statements of financial position (See Note 8). At September 30, 2024 and 2023, the Organization had \$1,732,886 and \$3,589,489, respectively, of conditional grants that had not been recognized in the accompanying consolidated statements of activities.

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

**Program Service Revenue and Deferred Revenue**

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

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

**Charges for Services – Patient Services**

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

**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**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, 2024 AND 2023**

**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, 2024 and 2023. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

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

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

**Functional Expenses**

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

**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**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, 2024 and 2023.

**Economic Dependency and Concentration of Credit Risk**

The Organization received approximately 55% and 47% 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, 2024 and 2023, respectively. The loss of this revenue source would have a materially adverse effect on the Organization.

**Reclassifications**

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

**Change in Accounting Principle**

Effective October 1, 2023, the Organization adopted FASB ASU 2016-13, *Financial Instruments Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Organization's financial statements.

**Subsequent Events**

We have evaluated subsequent events through March 25, 2025, the date the consolidated financial statements were available to be issued.

**NOTE 2 LIQUIDITY AND AVAILABILITY**

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

**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)**

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:

	2024	2023
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 6,742,667	\$ 5,306,549
Investments	2,836,333	5,351,060
Receivables	5,121,591	4,609,067
Pledge Receivables	569,061	440,503
Total Financial Assets	<u>15,269,652</u>	<u>15,707,179</u>
Less Amounts not Available to be Used Within One Year:		
Board-Designated Net Assets Without Donor Restrictions	(584,681)	(512,710)
Net Assets With Donor Restrictions	<u>(2,532,540)</u>	<u>(2,080,533)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u><u>\$ 12,152,431</u></u>	<u><u>\$ 13,113,936</u></u>

**NOTE 3 RECEIVABLES**

Receivables consist of the following:

	2024	2023
Department of Child Safety	\$ 181,210	\$ 152,246
AHCCCS Health Plans and Other Commercial Insurance	6,306,764	3,621,380
Department of Public Safety	244,695	233,953
Jewish Community Foundation	-	55,000
City of Phoenix	56,925	108,612
Governor's Office of Youth, Faith and Family	82,282	-
Department of Economic Security	117,874	-
Office for Victims of Crime	187,047	-
Other Receivables	112,271	575,229
Subtotal	<u>7,289,068</u>	<u>4,746,420</u>
Less: Allowance for Credit Losses	<u>(2,167,477)</u>	<u>(137,353)</u>
Total Receivables, Net	<u><u>\$ 5,121,591</u></u>	<u><u>\$ 4,609,067</u></u>

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

Accounts receivable balance was \$5,121,591, \$4,609,067, and \$5,131,812 which included an allowance for credit losses of \$(2,167,477), \$(137,353), and \$(300,000) for the years ended September 30, 2024, 2023, and 2022, respectively.

**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 3 RECEIVABLES (CONTINUED)**

The following table presents the activity in the allowance for credit losses for the year ended September 30, 2024:

Allowance for Credit Losses:	
Balance at Beginning of Year	\$ 137,353
Current Year Provision	2,829,420
Write Downs	(799,296)
Balance at End of Year	<u>\$ 2,167,477</u>

**NOTE 4 PLEDGES RECEIVABLE**

Pledges receivable consist of the following:

	2024	2023
Pledges Receivable	\$ 597,356	\$ 446,438
Less: Unamortized Discount	(28,295)	(935)
Total	569,061	445,503
Less: Allowance for Uncollectible	-	(5,000)
Pledges Receivable, Net	<u>\$ 569,061</u>	<u>\$ 440,503</u>
Amounts Due in:		
Less than One Year	\$ 597,356	\$ 434,050
One to Five Years	-	12,388
Total	<u>\$ 597,356</u>	<u>\$ 446,438</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 rates used ranged from 4.73% to 5.41%.

**NOTE 5 INVESTMENTS**

**Jewish Community Foundation of Greater Phoenix**

JFCS has funds on deposit at the Jewish Community Foundation of Greater Phoenix. The investments totaled \$1,037,464 and \$909,593 as of September 30, 2024 and 2023, respectively. In addition, JFCS recognized investment income (loss) of \$168,259 and \$97,173 for the years ended September 30, 2024 and 2023, respectively.

**Arizona Community Foundation**

JFCS also has funds on deposit at the Arizona Community Foundation. The investments totaled \$30,837 and \$28,157 as of September 30, 2024 and 2023, respectively. In addition, JFCS recognized investment income of \$2,680 and \$1,447 for the years ended September 30, 2024 and 2023, respectively.

**Debt and Equity Securities**

JFCS also has investments in debt and equity securities. The investments totaled \$57,493 and \$30,017 as of September 30, 2024 and 2023, respectively.

**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 5 INVESTMENTS (CONTINUED)**

**Certificates of Deposit**

Certificates of deposit at September 30, 2024 consist of the following:

<u>Maturity Date in Fiscal Year</u>	<u>Cost</u>	<u>Stated Rate</u>
2025	\$ 1,595,995	1.70% to 5.50%
Thereafter	114,544	1.70% to 4.65%
Total	<u>\$ 1,710,539</u>	

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

<u>Maturity Date in Fiscal Year</u>	<u>Cost</u>	<u>Stated Rate</u>
2024	\$ 3,919,261	0.15% to 5.40%
Thereafter	104,622	1.35% to 1.70%
Total	<u>\$ 4,023,883</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 6 PROPERTY AND EQUIPMENT**

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

	<u>2024</u>	<u>2023</u>
Land	\$ 1,306,154	\$ 1,306,154
Building and Improvements	16,273,309	16,340,678
Furniture and Equipment	2,172,796	2,556,266
Computer Software	558,576	597,085
Leasehold Improvements	4,457,864	4,434,257
Construction in Process	207,433	43,527
Total	24,976,132	25,277,967
Less: Accumulated Depreciation and Amortization	(11,671,527)	(11,055,431)
Property and Equipment, Net	<u>\$ 13,304,605</u>	<u>\$ 14,222,536</u>

Depreciation and amortization expense charged to operations was \$1,380,621 and \$1,378,730 for the years ended September 30, 2024 and 2023, respectively. There was no interest capitalized in either 2024 or 2023 due to its immateriality.

**NOTE 7 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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



**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 7 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.

**Investments Held by Jewish Community Foundation of Greater Phoenix**

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

**Investments Held by Arizona Community Foundation**

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

**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 7 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

**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 2025 and earn various stated rates ranging from 1.70% to 5.40%.

**Investments in Debt and Equity Securities**

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

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, 2024 and 2023.

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

	2024			
	Level 1	Level 2	Level 3	Total
Investments Held by Jewish Community Foundation of Greater Phoenix	\$ -	\$ -	\$ 1,037,464	\$ 1,037,464
Investments Held by Arizona Community Foundation	-	-	30,837	30,837
Equity and Debt Securities				
US Large Cap Equity	56,479	-	-	56,479
US Mid-Cap Equity	1,014	-	-	1,014
Certificates of Deposit	-	1,710,539	-	1,710,539
Total Assets Held at Fair Value	<u>\$ 57,493</u>	<u>\$ 1,710,539</u>	<u>\$ 1,068,301</u>	<u>\$ 2,836,333</u>
	2023			
	Level 1	Level 2	Level 3	Total
Investments Held by Jewish Community Foundation of Greater Phoenix	\$ -	\$ -	\$ 909,593	\$ 909,593
Investments Held by Arizona Community Foundation	-	-	28,157	28,157
Equity and Debt Securities				
US Large Cap Equity	30,017	-	-	30,017
US Corporate Bonds	-	263,560	-	263,560
US Fixed Income Bonds	-	95,850	-	95,850
Certificates of Deposit	-	4,023,883	-	4,023,883
Total Assets Held at Fair Value	<u>\$ 30,017</u>	<u>\$ 4,383,293</u>	<u>\$ 937,750</u>	<u>\$ 5,351,060</u>

**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 7 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

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

	<u>2024</u>	<u>2023</u>
Purchases	\$ -	\$ -
Sales	(40,388)	(39,934)
Transfers In	-	-
Transfers Out	-	-

**NOTE 8 DEFERRED REVENUE**

For the years ended September 30, 2024 and 2023 deferred revenue was \$815,382 and \$726,810, respectively, were mainly due to the payments for the targeted investment programs advances received from Mercy Care.

The total balance in deferred revenue was \$815,382, \$726,810, and \$7,330,716 for the years ended September 30, 2024, 2023, and 2022, respectively.

**NOTE 9 NOTES PAYABLE**

Notes payable consists of the following for the years ended September 30, 2024 and 2023:

<u>Description</u>	<u>2024</u>	<u>2023</u>
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.	\$ 1,446,186	\$ 1,564,041

**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 9 NOTES PAYABLE (CONTINUED)**

<u>Description</u>	<u>2024</u>	<u>2023</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.	\$ 750,000	\$ 790,000
In December 2008, the Organization obtained another CDBG construction loan from the City of Phoenix to further expand its facility. The loan, in the amount of \$1,500,000, is secured by a deed of trust and is noninterest bearing. If the Organization is not in default under the loan agreement, the Organization shall receive a credit against the principal amount due on the 40th anniversary of the Certificate of Completion of the facility expansion.	1,500,000	1,500,000
In July 2005, the Organization obtained a \$489,394 note payable with the Arizona Department of Housing. The note is secured by a deed of trust, bears a 0% interest rate, and is forgivable at the end of a 20-year period. The loan is to be used for transitional housing.	489,394	489,394
In October 2012, the Organization obtained another CDBG construction loan from the City of Phoenix. The loan, in the amount of \$69,690, is secured by a deed of trust and is noninterest bearing. If the Organization is not in default under the loan agreement, the Organization shall receive an annual credit against the principal amount due that commenced in May 2019 in an amount equal to 20% of the original principal loan amount.	-	8,131
Total	<u>\$ 4,185,580</u>	<u>\$ 4,351,566</u>

Interest expense on the notes payable was \$273,132 and \$47,397 for the years ended September 30, 2024 and 2023, 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, 2024 AND 2023**

**NOTE 9 NOTES PAYABLE (CONTINUED)**

As of September 30, 2024, the approximate aggregate maturities required on the note payable are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2025	\$ 1,486,186
2026	40,000
2027	40,000
2028	40,000
2029	40,000
Thereafter	2,539,394
Total	<u><u>\$ 4,185,580</u></u>

**NOTE 10 LINE OF CREDIT**

The Organization has a line of credit with a financial institution in the amount \$3,000,000 to provide for cash flow needs which matures August 5, 2025. The interest rate is the secured overnight financing rate (SOFR) and 3.00%. Interest expense under the line of credit was \$238,769 and \$-0- for the years ended September 30, 2024, and 2023, respectively. There was an outstanding balance on the line of credit of \$3,000,000 and \$-0- for the years ended September 30, 2024, and 2023, respectively. The line of credit is secured by receivables, cash, investments, and equipment.

**NOTE 11 LEASES**

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

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

Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the consolidated statement of financial position.

**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 11 LEASES (CONTINUED)**

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

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

Lease Cost:	2024	2023
Finance Lease Cost:		
Amortization of Right-of-Use Assets	\$ 139,041	\$ 139,041
Interest on Lease Liabilities	9,381	15,153
Operating Lease Cost	1,631,856	1,440,597
Total Lease Cost	<u>\$ 1,780,278</u>	<u>\$ 1,594,791</u>
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Finance Leases	\$ 9,381	\$ 15,153
Operating Cash Flows from Operating Leases	1,920,386	1,641,747
Financing Cash Flows from Finance Leases	138,957	133,185
Right of Use Assets Obtained in Exchange for New		
Finance Lease Liabilities:	\$ -	\$ 417,122
Operating Lease Liabilities:	-	11,437,915
Weighted-Average Remaining Lease Term - Finance Leases	1.0 Years	2.0 Years
Weighted-Average Remaining Lease Term - Operating Leases	8.2 Years	9.1 Years
Weighted-Average Discount Rate - Finance Leases	4.25%	4.25%
Weighted-Average Discount Rate - Operating Leases	3.85%	3.85%

The Organization classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of September 30, 2024, is as follows:

Year	Operating	Finance	Totals
2025	\$ 1,987,618	\$ 148,339	\$ 2,135,957
2026	2,033,541	-	2,033,541
2027	2,079,537	-	2,079,537
2028	2,110,754	-	2,110,754
2029	1,806,834	-	1,806,834
Thereafter	4,925,936	-	4,925,936
Undiscounted Cash Flows	14,944,220	148,339	15,092,559
(Less) Imputed Interest	(1,968,711)	(3,359)	(1,972,070)
Total Present Value	<u>\$ 12,975,509</u>	<u>\$ 144,980</u>	<u>\$ 13,120,489</u>

**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 12 DONATED GOODS AND SERVICES**

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

During the year ended September 30, 2024, the Organization received contributions of the use of facilities. The Organization also received donated goods in a form of donated gifts and items for the donation center. The following table represents a breakout of the donated facilities and goods for the year ended September 30, 2024:

	Donated Space	Donated Goods	Total
Program or Support Services:			
Sojourner Center	\$ -	\$ 1,033,568	\$ 1,033,568
Total	<u>\$ -</u>	<u>\$ 1,033,568</u>	<u>\$ 1,033,568</u>

The following table represents a breakout of the donated facilities and goods for the year ended September 30, 2023:

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

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

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

**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available as follows:

	2024	2023
Pledge Receivable	\$ 597,356	\$ 446,438
Endowment	340,448	298,375
Purpose Restricted:		
Program Services	744,976	1,130,276
Sojourner Center	849,760	205,444
Total Net Assets With Donor Restrictions	<u>\$ 2,532,540</u>	<u>\$ 2,080,533</u>

**NOTE 14 RETIREMENT PLANS**

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

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, 2024 and 2023, the Organization contributed \$0.83 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 employer matching contribution expense was \$476,593 and \$479,791 for the years ended September 30, 2024 and 2023, respectively. Of those total contributions, the 403(b) Plan total contribution expense was \$97,826 and \$90,015 and the 401(k) Plan total contribution expense was \$378,767 and \$389,775 for the years ended September 30, 2024 and 2023, 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, 2024 and 2023.



**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 15 ADVERTISING**

The Organization uses advertising to promote its community programs and recruit employees. Advertising costs are expensed as incurred. Advertising expense totaled \$14,126 and \$10,272 for the years ended September 30, 2024 and 2023, respectively.

**NOTE 16 COMMITMENTS AND CONTINGENT LIABILITIES**

The Organization has a partially self-insured health benefit program covering medical and prescription claims. The plan includes a stop-loss provision that insures claims exceeding \$110,000 for the years ended September 30, 2024 and 2023.

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, 2024, 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.

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

**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**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 \$340,448 and \$298,375 for the years ended September 30, 2024 and 2023, respectively. The Organization has interpreted the Arizona Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions to be held in perpetuity (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts donated to the Endowment, and (c) accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor-restricted endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

**NOTE 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.

**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2024**  
**(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
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 4,685,302	\$ 1,027,248	\$ 1,030,117	\$ -	\$ 6,742,667
Investments	2,805,496	30,837	-	-	2,836,333
Investments in Subsidiaries	7,456,984	-	-	(7,456,984)	-
Receivables, Net	4,550,210	572,161	(780)	-	5,121,591
Related Party Receivables, Net	2,113,730	500,000	48,736	(2,662,466)	-
Pledges Receivable, Net	351,274	217,787	-	-	569,061
Prepaid Expenses and Other Assets	421,582	43,699	-	-	465,281
Deposits	144,451	-	268	-	144,719
Operating Right-of-Use Asset	9,377,123	46,890	-	-	9,424,013
Financing Right-of-Use Asset	139,040	-	-	-	139,040
Property and Equipment, Net	2,647,041	8,076,077	2,581,487	-	13,304,605
Total Assets	<u>\$ 34,692,233</u>	<u>\$ 10,514,699</u>	<u>\$ 3,659,828</u>	<u>\$ (10,119,450)</u>	<u>\$ 38,747,310</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 594,919	\$ 1,085,895	\$ 21,695	\$ (1,543,737)	\$ 158,772
Accrued Expenses and Other Liabilities	1,913,209	193,753	2,154	-	2,109,116
Accrued Compensated Absences	1,067,537	62,847	-	-	1,130,384
Deferred Revenue	815,382	-	-	-	815,382
Lease Liability - Operating	12,928,619	46,890	-	-	12,975,509
Lease Liability - Financing	144,980	-	-	-	144,980
Notes Payable	-	2,739,394	2,564,915	(1,118,729)	4,185,580
Line of Credit	3,000,000	-	-	-	3,000,000
Total Liabilities	<u>20,464,646</u>	<u>4,128,779</u>	<u>2,588,764</u>	<u>(2,662,466)</u>	<u>24,519,723</u>
<b>NET ASSETS</b>					
Without Donor Restrictions:					
Board-Designated	584,681	-	-	-	584,681
Undesignated	11,110,366	5,536,160	1,071,064	(6,607,224)	11,110,366
Total Without Donor Restrictions	<u>11,695,047</u>	<u>5,536,160</u>	<u>1,071,064</u>	<u>(6,607,224)</u>	<u>11,695,047</u>
With Donor Restrictions	<u>2,532,540</u>	<u>849,760</u>	<u>-</u>	<u>(849,760)</u>	<u>2,532,540</u>
Total Net Assets	<u>14,227,587</u>	<u>6,385,920</u>	<u>1,071,064</u>	<u>(7,456,984)</u>	<u>14,227,587</u>
Total Liabilities and Net Assets	<u>\$ 34,692,233</u>	<u>\$ 10,514,699</u>	<u>\$ 3,659,828</u>	<u>\$ (10,119,450)</u>	<u>\$ 38,747,310</u>

**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES**  
**SEPTEMBER 30, 2024**  
**(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
<b>SUPPORT, REVENUES, AND OTHER GRANTS</b>					
Support:					
Government and Contracts	\$ 36,769,835	\$ 867,015	\$ -	\$ -	\$ 37,636,850
Grants	260,000	2,705,296	-	-	2,965,296
Contributions	1,763,513	2,611,182	-	-	4,374,695
Donated Goods and Services	-	1,033,568	-	-	1,033,568
Special Events, Net of Direct Benefit to Donors	249,014	(13,817)	-	-	235,197
Total Support	39,042,362	7,203,244	-	-	46,245,606
Revenues and Other Gains (Losses):					
Client Program Fees	231,893	-	-	-	231,893
Management Services	892,753	-	795,854	(1,668,860)	19,747
Investment Income	429,877	2,681	924	-	433,482
Investment Income (Loss) in Subsidiary	374,392	-	-	(374,392)	-
Miscellaneous Income	417,740	73,275	-	-	491,015
Total Revenue and Other Gains	2,346,655	75,956	796,778	(2,043,252)	1,176,137
Total Support, Revenues, and Other Gains	41,389,017	7,279,200	796,778	(2,043,252)	47,421,743
<b>FUNCTIONAL EXPENSES</b>					
Program Services:					
Integrated Health Services	30,451,832	-	-	(565,771)	29,886,061
Child and Family Solutions	3,677,829	-	-	(137,179)	3,540,650
Older Adults	787,329	-	-	(18,612)	768,717
Jewish Community Services	303,437	-	-	(10,562)	292,875
Sojourner Center	-	5,498,595	-	(455,987)	5,042,608
Total Program Services	35,220,427	5,498,595	-	(1,188,111)	39,530,911
Supporting Services:					
Management Services	37,512	-	-	-	37,512
Management and General	8,864,795	911,679	-	(34,670)	9,741,804
Fundraising	1,197,860	491,765	-	(69,202)	1,620,423
Twenty Thirty Three	-	-	799,547	(376,877)	422,670
Total Supporting Services	10,100,167	1,403,444	799,547	(480,749)	11,822,409
Total Functional Expenses	45,320,594	6,902,039	799,547	(1,668,860)	51,353,320
<b>CHANGES IN NET ASSETS</b>	(3,931,577)	377,161	(2,769)	(374,392)	(3,931,577)
Net Assets - Beginning of Year	18,159,164	6,008,759	1,073,833	(7,082,592)	18,159,164
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 14,227,587</u>	<u>\$ 6,385,920</u>	<u>\$ 1,071,064</u>	<u>\$ (7,456,984)</u>	<u>\$ 14,227,587</u>



**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, 2024, 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 25, 2025.

***Report on Internal Control Over Financial Reporting***

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
March 25, 2025



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

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Jewish Family and Children's Service, Inc. and Subsidiaries' compliance with the types of compliance requirements identified as subject to audit 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, 2024. Jewish Family and Children's Service, Inc. and Subsidiaries' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Jewish Family and Children's Service, Inc. and Subsidiaries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

### ***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



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

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

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

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

We have audited the consolidated financial statements of Jewish Family and Children's Service, Inc. and Subsidiaries as of and for the year ended September 30, 2024, and have issued our report thereon dated March 25, 2025, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



**CliftonLarsonAllen LLP**

Phoenix, Arizona  
March 25, 2025

**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2024**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
Community Development Block Grant/Entitlement (CDBG) Grants:			
Pass-Through the City of Phoenix:			
Loan Balance	14.218	135163-0	\$ 750,000
Loan Balance	14.218	125187	1,500,000
Total CDBG Grants Cluster (14.218)			<u>2,250,000</u>
Total U.S. Department of Housing and Urban Development			<u>2,250,000</u>
<b>U.S. Department of Justice</b>			
Violence Against Women Formula Grants			
2021 OVC FY 2021 Emergency and Transitional Pet Shelter and Housing Assistance Grant Program	16.582	15POVC-21-GG-01000-NONF	284,647
Pass-Through AZ Governor's Office	16.588	ST-WSG-20-010121-19Y2	17,254
Pass-Through AZ Governor's Office	16.588	RFGA-STOP-GOYOFF-010124-00	89,245
2021 OVW FY 2021 Transitional Housing Assistance Grants for Victims of Domestic Violence, Dating Violence, Sexual Assault and Stalking Solicitation	16.736	15JOVW-21-GG-02114-TRAN	141,575
Total U.S. Department of Justice			<u>532,721</u>
<b>U.S. Department of Labor</b>			
Workforce Innovation and Opportunity Act - Youth Activities			
Pass-Through the AZ Governor's Office	17.259	GR-WIOA-GOYFF-100123-07	219,555
Pass-Through the City of Phoenix	17.259	4701004829	187,680
Total U.S. Department of Labor			<u>407,235</u>
<b>US Department of Treasury</b>			
Coronavirus State and Local Fiscal Recovery Funds (American Rescue Plan Act)			
Pass-Through the Arizona Department of Public Safety	21.027	ISA-ARPA-DPS-050123-01	992,372
Pass-Through the Arizona Department of Public Safety	21.027	SLFRP1962	154,867
Pass-Through Arizona Coalition to End Sexual and Domestic Violence	21.027	C-22-22-157-x-00	228,213
Pass-Through Arizona Department of Economic Security	21.027		29,023
Pass-Through Arizona Division of Development Disabilities	21.027		501,389
Pass-Through Local Initiatives Support Corporation	21.027		32,575
Pass-Through Arizona Foundation for Human Service Providers	21.027		2,334,879
Subtotal American Rescue Plan Act (21.027)			<u>4,273,318</u> *
Total U.S. Department of Treasury			<u>4,273,318</u>
<b>U.S. Department of Health and Human Services</b>			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	N/A	12,000
Temporary Assistance to Needy Families:			
Pass-Through the Arizona Department of Economic Security	93.558	CTR066202	522,217 *
Child Care and Development Block Grant:			
Pass-Through the Arizona Department of Economic Security	93.575	ADES16-098382	124,968
Social Services Block Grant:			
Pass-Through the Arizona Department of Economic Security	93.667	ADES17-178650	111,515
Family Violence Prevention and Services Act (FVPSA)			
Pass-through the Arizona Department of Economic Security	93.671	CTR066202	466,952
Block Grants for Community Mental Health Services			
Pass-Through Mercy Care	93.958		362,026
Block Grants for Prevention and Treatment of Substance Abuse			
Pass-Through Mercy Care	93.959		5,000
Total U.S. Department of Health and Human Services			<u>1,604,678</u>
Total Federal Expenditures			<u>\$ 9,067,952</u>

\* Indicates major program

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**SEPTEMBER 30, 2024**

**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, 2024. 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 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, 2024:

Federal Assistance Listing Number	Name of Federal Program	Amount Outstanding
14.218	Community Development Block Grant Entitlement Grants (Loan No. 107477)	\$ 750,000
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, 2024. As of September 30, 2024 the outstanding balance under the loans was \$2,250,000.

**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**SEPTEMBER 30, 2024**

**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).

**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED SEPTEMBER 30, 2024**

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**Section I – Summary of Auditors' Results**

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**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**

21.027

93.558

**Name of Federal Program or Cluster**

American Rescue Plan Act

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, 2024**

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***Section II – Financial Statement Findings***

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None

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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None

**JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED SEPTEMBER 30, 2024**



Jewish Family & Children's Service

*Healing Lives. Whatever It Takes.*

Administration | 4747 N. 7th Street, Suite 100  
Phoenix, AZ 85014

[www.jfcsaz.org](http://www.jfcsaz.org)

Lorrie Henderson, Ph.D., MBA, LCSW  
President and Chief Executive Officer

March 24, 2025

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

(O) 602.567.8370  
(F) 602.241.5756

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

Jewish Family and Children's Service, Inc. and Subsidiaries respectfully submits the following summary of prior audit findings for the year ended September 30, 2023. The findings from the prior audit are discussed below.

**2023-001 – Restatement of Net Assets**

**Type of Finding – Material Weakness**

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

**Contact Person** – Terrence R. Daniels, Chief Executive Officer

**Status** – Corrected. Jewish Family Children's Service has instituted a more comprehensive review and reconciliation process to identify discrepancies between the classification presented in the audited financial statements and the classifications presented by the company.

Sincerely,

Terrence Daniels  
CFO/COO

