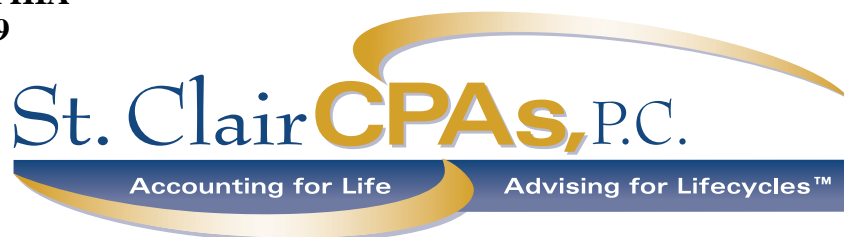


**JEWISH FAMILY AND CHILDREN'S SERVICE OF  
GREATER PHILADELPHIA AND  
FOUNDATION OF THE JEWISH FAMILY AND  
CHILDREN'S SERVICE OF PHILADELPHIA, INC.**  
COMBINED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
WITH REPORTING REQUIREMENTS FOR THE UNIFORM GUIDANCE AND  
THE CITY OF PHILADELPHIA  
AUGUST 31, 2020 AND 2019



**JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND  
FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.  
AUGUST 31, 2020 AND 2019**

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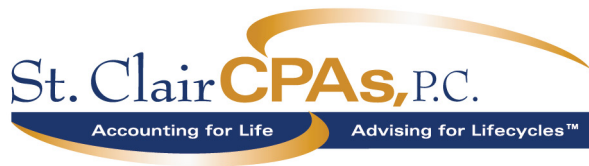
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**JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND  
FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.  
AUGUST 31, 2020 AND 2019**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Jewish Family and Children's Service of Greater Philadelphia and  
Foundation of the Jewish Family and Children's Service of Philadelphia, Inc.  
Philadelphia, Pennsylvania

### **Report on the Financial Statements**

We have audited the accompanying combined financial statements of Jewish Family and Children's Service of Greater Philadelphia and Foundation of the Jewish Family and Children's Service of Philadelphia, Inc. (nonprofit organizations), which comprise the combined statements of financial position as of August 31, 2020 and 2019, and the related combined statements of activities and changes in net assets, functional expenses, functional expenses detail of program services, and cash flows for the years then ended, and the related notes to the combined financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

## ***Opinion***

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Jewish Family and Children's Service of Greater Philadelphia and Foundation of the Jewish Family and Children's Service of Philadelphia, Inc. as of August 31, 2020 and 2019, 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.

## ***Other Matters***

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal, state, and city awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of functional expenditures by program and revenue by funding sources, statement of functional expenditures by program and report of excess revenue, are presented for purposes of additional analysis as required by the *City of Philadelphia Subrecipient Audit Guide*, and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020 on our consideration of Jewish Family and Children's Service of Greater Philadelphia and Foundation of the Jewish Family and Children's Service of Philadelphia, Inc.'s internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Jewish Family and Children's Service of Greater Philadelphia and Foundation of the Jewish Family and Children's Service of Philadelphia, 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 of Greater Philadelphia and Foundation of the Jewish Family and Children's Service of Philadelphia, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "St. Clair CPAs, P.C." in a cursive, slightly slanted font.

Certified Public Accountants

Conshohocken, Pennsylvania  
December 16, 2020

**JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND  
FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.  
COMBINED STATEMENTS OF FINANCIAL POSITION  
AUGUST 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 265,877	\$ 109,712
Contributions, grants and bequests receivable, net	1,674,547	2,265,897
Program fees receivable, net	225,347	88,264
Prepaid expenses and other current assets	262,545	322,271
Beneficial interest in split interest agreements	80,000	80,000
<b>TOTAL CURRENT ASSETS</b>	<u>2,508,316</u>	<u>2,866,144</u>
PROPERTY AND EQUIPMENT, net of accumulated depreciation	<u>6,014,718</u>	<u>6,254,824</u>
OTHER ASSETS		
Investments at fair value	18,055,113	15,900,716
Contributions, grants and bequest receivable, net of current portion	-	132,447
Beneficial interest in assets held by Jewish Federation of Greater Philadelphia	530,447	513,328
Beneficial interest in split interest agreements	903,684	955,035
<b>TOTAL OTHER ASSETS</b>	<u>19,489,244</u>	<u>17,501,526</u>
	<u>\$ 28,012,278</u>	<u>\$ 26,622,494</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Margin loan	\$ -	\$ 498,239
Accounts payable and accrued expenses	356,443	351,422
Accrued payroll and vacation payable	463,717	489,672
Unearned revenue, grants	190,176	382,164
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,010,336</u>	<u>1,721,497</u>
LONG-TERM LIABILITIES		
Deposits held	<u>9,000</u>	<u>9,000</u>
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>9,000</u>	<u>9,000</u>
<b>TOTAL LIABILITIES</b>	<u>1,019,336</u>	<u>1,730,497</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Undesignated	3,619,396	2,261,811
Invested in property and equipment, net of operating liabilities	5,185,559	-
<b>TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>8,804,955</u>	<u>2,261,811</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Perpetual in nature	14,233,241	13,652,935
Purpose restrictions	3,954,746	8,977,251
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>18,187,987</u>	<u>22,630,186</u>
<b>TOTAL NET ASSETS</b>	<u>26,992,942</u>	<u>24,891,997</u>
	<u>\$ 28,012,278</u>	<u>\$ 26,622,494</u>

See accompanying notes.

**JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND  
FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.  
COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEARS ENDED AUGUST 31, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>CHANGES IN NET ASSETS</b>						
<b>OPERATING PUBLIC SUPPORT</b>						
Jewish Federation of Greater Philadelphia	\$ -	\$ 1,186,379	\$ 1,186,379	\$ -	\$ 1,283,440	\$ 1,283,440
Jewish Claims Against Germany	-	2,503,004	2,503,004	-	2,205,978	2,205,978
Contributions	2,735,619	715,823	3,451,442	1,163,380	1,479,772	2,643,152
Paycheck Protection Program contribution	1,486,000	-	1,486,000	-	-	-
Bequests	-	-	-	318,152	-	318,152
Fund-raising event	724,562	-	724,562	566,555	-	566,555
<b>TOTAL PUBLIC SUPPORT</b>	<b>4,946,181</b>	<b>4,405,206</b>	<b>9,351,387</b>	<b>2,048,087</b>	<b>4,969,190</b>	<b>7,017,277</b>
<b>FEES AND GRANTS FROM</b>						
<b>GOVERNMENT AGENCIES</b>	<b>2,105,307</b>	<b>2,997,203</b>	<b>5,102,510</b>	<b>3,089,773</b>	<b>3,012,797</b>	<b>6,102,570</b>
<b>REVENUES</b>						
Program service fees	1,696,920	111,928	1,808,848	1,765,709	95,509	1,861,218
Investment income	519,290	87,955	607,245	459,545	112,489	572,034
Rental Income	51,901	-	51,901	61,375	-	61,375
Changes in assets held by						
Jewish Federation of						
Greater Philadelphia	-	31,094	31,094	-	(9,615)	(9,615)
Net assets released from restrictions	13,269,348	(13,269,348)	-	8,360,554	(8,360,554)	-
<b>TOTAL REVENUE</b>	<b>15,537,459</b>	<b>(13,038,371)</b>	<b>2,499,088</b>	<b>10,647,183</b>	<b>(8,162,171)</b>	<b>2,485,012</b>
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>22,588,947</b>	<b>(5,635,962)</b>	<b>16,952,985</b>	<b>15,785,043</b>	<b>(180,184)</b>	<b>15,604,859</b>
<b>EXPENSES</b>						
<b>Program Services</b>						
Older Adult Services	3,748,380	-	3,748,380	3,249,656	-	3,249,656
Individual & Family Services	1,784,008	-	1,784,008	1,995,715	-	1,995,715
Child Welfare Services	4,562,927	-	4,562,927	4,875,797	-	4,875,797
Education & Outreach Services	1,995,187	-	1,995,187	1,993,188	-	1,993,188
Open Arms Adoption Network	963,579	-	963,579	1,022,573	-	1,022,573
Our Closet Umbrella	370,520	-	370,520	304,891	-	304,891
Barbara and Harvey Brodsky						
Enrichment Center	880,601	-	880,601	1,051,258	-	1,051,258
<b>TOTAL PROGRAM SERVICES</b>	<b>14,305,202</b>	<b>-</b>	<b>14,305,202</b>	<b>14,493,078</b>	<b>-</b>	<b>14,493,078</b>
<b>Supporting Services</b>						
Management and general	1,038,301	-	1,038,301	1,093,262	-	1,093,262
Fund-raising expenses	684,498	-	684,498	599,325	-	599,325
Fund-raising event	37,989	-	37,989	216,748	-	216,748
<b>TOTAL SUPPORTING SERVICES</b>	<b>1,760,788</b>	<b>-</b>	<b>1,760,788</b>	<b>1,909,335</b>	<b>-</b>	<b>1,909,335</b>
<b>TOTAL EXPENSES</b>	<b>16,065,990</b>	<b>-</b>	<b>16,065,990</b>	<b>16,402,413</b>	<b>-</b>	<b>16,402,413</b>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATING ACTIVITIES</b>						
	<b>6,522,957</b>	<b>(5,635,962)</b>	<b>886,995</b>	<b>(617,370)</b>	<b>(180,184)</b>	<b>(797,554)</b>
<b>NONOPERATING</b>						
Realized/unrealized gains (losses) on investments	20,187	1,193,763	1,213,950	(151,987)	280,029	128,042
<b>TOTAL NONOPERATING</b>	<b>20,187</b>	<b>1,193,763</b>	<b>1,213,950</b>	<b>(151,987)</b>	<b>280,029</b>	<b>128,042</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>6,543,144</b>	<b>(4,442,199)</b>	<b>2,100,945</b>	<b>(769,357)</b>	<b>99,845</b>	<b>(669,512)</b>
<b>NET ASSETS, BEGINNING</b>	<b>2,261,811</b>	<b>22,630,186</b>	<b>24,891,997</b>	<b>3,031,168</b>	<b>22,530,341</b>	<b>25,561,509</b>
<b>NET ASSETS, ENDING</b>	<b>\$ 8,804,955</b>	<b>\$ 18,187,987</b>	<b>\$ 26,992,942</b>	<b>\$ 2,261,811</b>	<b>\$ 22,630,186</b>	<b>\$ 24,891,997</b>

See accompanying notes.



**JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND  
FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.  
COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED AUGUST 31, 2020**

	(A) Program Services	Supporting Services			Total	Total Expenses
		Management and General	Fund-Raising	Fund-Raising Event		
Salaries	\$ 7,053,007	\$ 67,017	\$ 366,706	\$ -	\$ 433,723	\$ 7,486,730
Payroll taxes and employee benefits	2,010,104	19,038	104,361	-	123,399	2,133,503
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>9,063,111</b>	<b>86,055</b>	<b>471,067</b>	<b>-</b>	<b>557,122</b>	<b>9,620,233</b>
Assistance to individuals	2,632,982	-	-	-	-	2,632,982
Children's direct expenses	1,263,114	-	-	-	-	1,263,114
Conferences, meetings, and staff development	87,696	24,688	19,296	-	43,984	131,680
Consultant fees and contract payments	222,680	85,180	269	-	85,449	308,129
Dues and subscriptions	37,894	17,080	862	-	17,942	55,836
Gala event expenses	-	-	-	37,989	37,989	37,989
Insurance	141,210	28,425	7,069	-	35,494	176,704
Interest	-	8,967	-	-	8,967	8,967
Occupancy	464,741	104,315	41,049	-	145,364	610,105
Office expenses and maintenance	159,002	228,428	70,215	-	298,643	457,645
Professional services	37,556	107,912	14,684	-	122,596	160,152
Public relations	51,149	92,489	56,317	-	148,806	199,955
Staff field expenses	62,722	1,752	1,548	-	3,300	66,022
Telephone	81,345	7,259	2,122	-	9,381	90,726
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>14,305,202</b>	<b>792,550</b>	<b>684,498</b>	<b>37,989</b>	<b>1,515,037</b>	<b>15,820,239</b>
Depreciation	-	245,751	-	-	245,751	245,751
<b>TOTAL EXPENSES</b>	<b>\$ 14,305,202</b>	<b>\$ 1,038,301</b>	<b>\$ 684,498</b>	<b>\$ 37,989</b>	<b>\$ 1,760,788</b>	<b>\$ 16,065,990</b>

(A) See detail of program services (Page 8)

See accompanying notes.

**JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND  
FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.  
COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED AUGUST 31, 2019**

	(A) Program Services	Supporting Services			Total	Total Expenses
		Management and General	Fund-Raising	Fund-Raising Event		
Salaries	\$ 6,749,755	\$ 51,500	\$ 324,802	\$ -	\$ 376,302	\$ 7,126,057
Payroll taxes and employee benefits	2,045,983	15,361	98,246	-	113,607	2,159,590
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>8,795,738</b>	<b>66,861</b>	<b>423,048</b>	<b>-</b>	<b>489,909</b>	<b>9,285,647</b>
Assistance to individuals	2,424,946	-	-	-	-	2,424,946
Children's direct expenses	1,767,663	-	-	-	-	1,767,663
Conferences, meetings, and staff development	123,092	43,351	20,522	-	63,873	186,965
Consultant fees and contract payments	195,691	92,437	1,870	-	94,307	289,998
Dues and subscriptions	8,408	20,523	575	-	21,098	29,506
Gala event expenses	-	-	-	216,748	216,748	216,748
Insurance	123,682	22,335	5,433	-	27,768	151,450
Interest	-	41,852	-	-	41,852	41,852
Occupancy	600,180	26,783	40,623	-	67,406	667,586
Office expenses and maintenance	162,560	247,802	48,726	-	296,528	459,088
Other expenses	822	-	-	-	-	822
Professional services	36,588	129,086	25,821	-	154,907	191,495
Public relations	36,450	91,915	26,824	-	118,739	155,189
Staff field expenses	111,623	3,294	2,003	-	5,297	116,920
Telephone	105,635	19,956	3,880	-	23,836	129,471
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>14,493,078</b>	<b>806,195</b>	<b>599,325</b>	<b>216,748</b>	<b>1,622,268</b>	<b>16,115,346</b>
Depreciation	-	287,067	-	-	287,067	287,067
<b>TOTAL EXPENSES</b>	<b>\$ 14,493,078</b>	<b>\$ 1,093,262</b>	<b>\$ 599,325</b>	<b>\$ 216,748</b>	<b>\$ 1,909,335</b>	<b>\$ 16,402,413</b>

(A) See detail of program services (Page 9)

See accompanying notes.

**JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND  
FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.  
COMBINED STATEMENT OF FUNCTIONAL EXPENSES, DETAIL OF PROGRAM SERVICES  
YEAR ENDED AUGUST 31, 2020**

	Older Adult Services	Individual & Family Services	Child Welfare Services	Education & Outreach Services	Open Arms Adoption	Our Closet Umbrella	Barbara and Harvey Brodsky Enrichment Center	Total
Salaries	\$ 1,073,934	\$ 942,082	\$ 2,402,720	\$ 1,319,703	\$ 605,121	\$ 199,509	\$ 509,938	\$ 7,053,007
Payroll taxes and employee benefits	306,071	268,493	684,775	376,114	172,459	56,860	145,332	2,010,104
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	1,380,005	1,210,575	3,087,495	1,695,817	777,580	256,369	655,270	9,063,111
Assistance to individuals	2,107,954	387,518	-	77,233	60,088	189	-	2,632,982
Children's direct expenses	-	-	1,263,114	-	-	-	-	1,263,114
Conferences, meetings, and staff development	6,207	13,282	2,564	27,517	10,444	21,558	6,124	87,696
Consultant fees and contract payments	93,264	28,201	-	77,436	7,673	2,500	13,606	222,680
Dues and subscriptions	15,221	15,670	6,328	35	640	-	-	37,894
Insurance	30,266	15,060	42,722	24,582	10,000	6,497	12,083	141,210
Occupancy	36,884	77,752	105,138	66,376	20,902	52,737	104,952	464,741
Office expenses and maintenance	19,620	8,800	15,678	6,802	14,630	17,054	76,418	159,002
Professional services	30,496	-	-	-	300	5,060	1,700	37,556
Public relations	4,246	11,317	435	894	29,564	1,972	2,721	51,149
Staff field expenses	12,822	8,148	17,746	1,899	16,596	5,144	367	62,722
Telephone	11,395	7,685	21,707	16,596	15,162	1,440	7,360	81,345
<b>TOTAL EXPENSES</b>	<u>\$ 3,748,380</u>	<u>\$ 1,784,008</u>	<u>\$ 4,562,927</u>	<u>\$ 1,995,187</u>	<u>\$ 963,579</u>	<u>\$ 370,520</u>	<u>\$ 880,601</u>	<u>\$ 14,305,202</u>

See accompanying notes.

**JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND  
FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.  
COMBINED STATEMENT OF FUNCTIONAL EXPENSES, DETAIL OF PROGRAM SERVICES  
YEAR ENDED AUGUST 31, 2019**

	Older Adult Services	Individual & Family Services	Child Welfare Services	Education & Outreach Services	Open Arms Adoption	Our Closet Umbrella	Barbara and Harvey Brodsky Enrichment Center	Total
Salaries	\$ 891,128	\$ 1,007,204	\$ 2,200,939	\$ 1,298,434	\$ 630,765	\$ 166,649	\$ 554,636	\$ 6,749,755
Payroll taxes and employee benefits	266,737	308,764	670,869	392,293	193,623	51,459	162,238	2,045,983
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	1,157,865	1,315,968	2,871,808	1,690,727	824,388	218,108	716,874	8,795,738
Assistance to individuals	1,881,104	473,256	-	70,586	-	-	-	2,424,946
Children's direct expenses	-	-	1,727,387	-	40,276	-	-	1,767,663
Conferences, meetings, and staff development	9,236	19,318	7,350	20,946	17,357	3,895	44,990	123,092
Consultant fees and contract payments	81,887	30,751	1,775	55,677	15,333	522	9,746	195,691
Dues and subscriptions	-	95	7,773	-	540	-	-	8,408
Insurance	14,653	18,507	46,232	22,942	9,423	5,300	6,625	123,682
Occupancy	49,157	82,239	122,528	79,234	21,215	38,289	207,518	600,180
Office expenses and maintenance	13,586	11,697	28,206	24,252	14,032	16,863	53,924	162,560
Other expenses	-	-	-	822	-	-	-	822
Professional services	-	17,054	-	-	6,741	12,793	-	36,588
Public relations	72	1,278	-	-	33,233	762	1,105	36,450
Staff field expenses	24,798	11,986	37,832	4,943	25,475	6,372	217	111,623
Telephone	17,298	13,566	24,906	23,059	14,560	1,987	10,259	105,635
<b>TOTAL EXPENSES</b>	<u>\$ 3,249,656</u>	<u>\$ 1,995,715</u>	<u>\$ 4,875,797</u>	<u>\$ 1,993,188</u>	<u>\$ 1,022,573</u>	<u>\$ 304,891</u>	<u>\$ 1,051,258</u>	<u>\$14,493,078</u>

See accompanying notes.

**JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND  
FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.  
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YEARS ENDED AUGUST 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 2,100,945	\$ (669,512)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities		
Bequests and contributions restricted to endowment	(52,534)	(1,222)
Realized loss (gain) on sale of investments	(395,242)	134,242
Unrealized gain on investments	(818,708)	(262,284)
Changes in assets held by Jewish Federation of Greater Philadelphia	(17,119)	23,542
Depreciation	245,751	287,067
Bad debts	-	822
(Increase) decrease in		
Contributions, grants and bequests receivable	723,797	1,108,578
Program fees receivable	(137,083)	29,678
Prepaid expenses and other current assets	59,726	55,974
Increase (decrease) in		
Accounts payable and accrued expenses	(20,934)	(92,300)
Unearned revenue, grants	(191,988)	382,164
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>1,496,611</u>	<u>996,749</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(5,645)	(214,960)
Net proceeds from investment activity	(889,095)	728,526
<b>NET CASH (USED) PROVIDED IN INVESTING ACTIVITIES</b>	<u>(894,740)</u>	<u>513,566</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bequests and contributions restricted to endowment	52,534	1,222
Repayments on margin loan, net	(498,239)	(1,407,108)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<u>(445,705)</u>	<u>(1,405,886)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	156,166	104,429
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>109,712</u>	<u>5,283</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 265,878</u>	<u>\$ 109,712</u>
<b>SUPPLEMENTARY DISCLOSURES</b>		
Interest paid	<u>\$ 8,967</u>	<u>\$ 41,852</u>

See accompanying notes.

**JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND  
FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
AUGUST 31, 2020 AND 2019**

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Jewish Family and Children's Service of Greater Philadelphia (JFCS or Organization) provides social and community services to strengthen families and individuals across generations and cultures to achieve stability, independence, and community. Services provided include individual and family counseling, outreach and drug education in public schools, foster care for neglected and dependent children and care for senior adults, primarily in the Greater Philadelphia area.

The Foundation of the Jewish Family and Children's Service of Philadelphia, Inc. (Foundation) supports the stated purposes of Jewish Family and Children's Service of Greater Philadelphia.

JFCS combined with the Foundation is also referred to as the Organization.

Basis of Accounting

The Organization's policy is to prepare its financial statements using the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States of America.

The combined financial statements include the accounts of JFCS and the Foundation, both of which are under common control. All significant intercompany transactions have been eliminated.

Basis of Presentation

Financial statement presentation follows the recommendations of FASB ASC 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net Assets Without Donor Restrictions* – Support and revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. However, donor-imposed restrictions received and expended in the same year are recorded as net assets without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation, stipulated time restriction, or by law.

*Net Assets With Donor Restrictions* – Contributions subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time or that the contribution be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Functional Allocation of Expenses

The costs of providing the Organization's program and supporting services has been summarized on a functional basis in the combined statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on utilization of resources, personnel hours and program participation. Other charges are allocated in proportion to direct expenses as determined by management.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the combined financial statements, all cash invested in money market funds and overnight repurchase agreements are considered to be cash equivalents. All restricted cash is included in investments.

Contributions, Grants, Bequests and Program Fees Receivable and Allowance for Doubtful Accounts

Unconditional contributions, grants and bequests are recorded as receivables at the time such contributions, grants or bequests are made known to the Organization. Receivables are recorded for any amounts still outstanding at the fiscal year end. The Organization provides a reserve for any balances not deemed collectible during the year. The total allowance for doubtful accounts for both contributions and program fees was \$22,500 and \$93,000 for the years ended August 31, 2020 and 2019, respectively.

Property and Equipment and Depreciation

Buildings, improvements, equipment, furniture, transportation equipment, and computer software are stated at cost, or if donated, at the fair value on date of donation. Depreciation is provided by the straight-line method over the estimated useful lives of the assets, ranging from three to thirty-one and a half years. It is the Organization's policy to capitalize all expenditures which have a unit cost in excess of \$500, and a useful life of more than one year. The cost of maintenance and repairs is charged to expense as incurred.

Investments and Investment Income

Investments in marketable securities and debt securities are stated at fair values in the combined statements of financial position. Fair values are determined by quoted market prices. Unrealized gains and losses are included in the changes in net assets. Specifically identified cost is used for investments sold.

The Organization recognizes investment income according to its policy, whereby the Board of Directors approves an annual "spending rate" to allocate a portion of investment income to operations. Other investment income earned is reported as operating revenue.

Deferred Revenue

Deferred revenue includes fees and grants from governmental agencies, other program funding, and fund-raising events that have not been earned at year-end, but are expected to be recognized as revenue in the coming year.

Contributed Services

A substantial number of volunteers donate their time to the Organization for program services. No amounts have been included in the combined financial statements as these services did not meet the criteria for recognition as contributed services.

**JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND  
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Support and Revenue Recognition

In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers" Topic 606, as amended and clarified by ASU 2018-08, "Not for Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made" Topic 605, contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions and grants received with donor imposed restrictions that are met in the same year in which the contributions and grant are received are classified as without restriction contributions.

Program Service Fees

The Organization collects program services fees for various programs they provide. There fees are based on the services being provided and are recognized at the time the service is provided.

Rental Income

Rental income is recognized as rent becomes due. Rental payments received in advance are deferred until they are earned.

Fundraising Income

Fundraising income is recognized as tickets to events are sold.

Advertising

All costs associated with advertising are expensed in the period incurred. Advertising expense for the years ended August 31, 2020 and 2019 was \$108,884 and \$87,107, respectively.

Use of Estimates

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

Liquidity Management

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the balance sheet date, are comprised of the following:

Cash and cash equivalents	\$ 265,877
Accounts receivable	225,347
Contributions	107,544
Endowment spending rate distributions	348,207
	<u>\$ 946,975</u>



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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The endowment funds consist of donor-restricted endowments and funds designated by the Board which are treated as endowments in regard to the annual spending and distribution policy. Income from donor restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Funds designated by the Board are available for general use to the extent allowed by the annual spending and distribution policy.

Income Taxes

JFCS is a not-for-profit voluntary social service agency and the Foundation is a not-for-profit foundation. Both organizations are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and are classified as organizations that are not private foundations under Section 509(a) of the Internal Revenue Code. Contributions to both organizations qualify for the charitable contributions deduction to the extent provided by Section 170 of the Internal Revenue Code.

Management believes that there are no uncertain tax positions that would materially affect the Organization's combined financial statements. As of August 31, 2020, the tax periods remaining open for examination are fiscal years ended August 31, 2017 through 2020.

Recently Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, "Revenue from Contracts with Customers" (Topic 606). ASU 2014-09 contains a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The guidance in ASU 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of non-financial assets unless those contracts are within the scope of other standards. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The pronouncement allows either a full or modified retrospective method of adoption. The standard became effective for the Organization on September 1, 2019 and the Organization elected the modified retrospective approach of adoption, which requires a cumulative adjustment as of the date of the adoption, if applicable. The Organization did not have to record any such cumulative adjustment in connection with the adoption of the new pronouncement. The Organization's revenue is federal, state, and city grant revenue and there are no long-term contracts associated for their services as they are renewed annually. The Organization determined that ASU 2014-09 did not have any impact on the process for, timing of, presentation, and disclosure of revenue recognition. There was no change to net assets as of September 1, 2019 as a result of adopting this standard.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, "Leases," which requires an entity to recognize assets and liabilities on the balance sheet for the right and obligations created by leased assets and provide additional disclosures. In July 2018, the FASB issued ASU No. 2018-11, "Leases: Targeted Improvements," which provides an entity with the option to apply the transition provisions of the new standard as its adoption date instead of at its earliest comparative period permitted. ASU 2016-02 also provides an entity with a practical expedient that permits lessors do not separate non lease components from the associated lease component if certain conditions are met. ASU 2016-02, as amended by ASU 2018-11, is effective for fiscal years beginning after January 1, 2022. The Organization is evaluating the impact of adopting this guidance to its financial statements.

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**NOTE 2 PROGRAM FEES RECEIVABLE**

Program fees receivable as of August 31, 2020 and 2019 consist primarily of fees due to the Agency for certain program services. The allowance for doubtful accounts for program fees was \$12,500 and \$23,000 for the years ended August 31, 2020 and 2019, respectively.

	<u>2020</u>	<u>2019</u>
Program fees receivable	\$ 237,847	\$ 111,264
Allowance for doubtful accounts	<u>(12,500)</u>	<u>(23,000)</u>
	<u>\$ 225,347</u>	<u>\$ 88,264</u>

**NOTE 3 CONTRIBUTIONS, GRANTS AND BEQUESTS RECEIVABLE**

Receivables are comprised of the following:

	<u>2020</u>	<u>2019</u>
Jewish Federation	\$ 1,186,379	\$ 1,283,440
Fees and grants from government agencies	331,224	720,432
Other program funding	166,944	209,849
Building fund pledges	-	160,450
Contributions / pledges	<u>-</u>	<u>94,173</u>
	1,684,547	2,468,344
Allowance for doubtful accounts	<u>(10,000)</u>	<u>(70,000)</u>
	<u>\$ 1,674,547</u>	<u>\$ 2,398,344</u>
	<u>2020</u>	<u>2019</u>
Total unconditional promises to give	\$ 1,674,547	\$ 2,407,503
Less discount to net present value	<u>-</u>	<u>(9,159)</u>
	1,674,547	2,398,344
Receivable in one to four years, net	<u>-</u>	<u>132,447</u>
Receivable in less than one year, net	<u>\$ 1,674,547</u>	<u>\$ 2,265,897</u>

A discount rate of 3.75% was used for the year ended August 31, 2019 and was determined based on market rates corresponding to the risk associated with the related receivables. As of the year ended August 31, 2020, there were no long-term receivables.

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NOTE 4 INVESTMENTS

Investments in marketable securities are stated at their fair value and include the following for the years ended August 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Corporate stocks	\$ 4,506,057	\$ 3,079,325
Foreign stocks	2,595,083	2,291,267
Investment grade bonds	4,112,438	3,920,923
Perpetual trusts held by third parties (a)	6,841,535	6,609,201
Total marketable securities	<u>\$ 18,055,113</u>	<u>\$ 15,900,716</u>

- (a) Investments in perpetual trusts held by third parties represent the Organization's proportionate share of the fair value of assets contributed to numerous trusts, from which the Organization has the irrevocable right to receive income in perpetuity. (Because the Organization does not have the right to receive the assets in these trusts, the original contributions, plus unrealized gains and losses, have been included in the net change in net assets with donor restrictions.) Interest and dividend distributions from these perpetual trusts were \$296,219 and \$318,073 for the years ended August 31, 2020 and 2019, respectively, and are included in the combined statements of activities and changes in net assets.

Investment income included in operating activities for the years ended August 31, 2020 and 2019 is comprised of the following:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 311,026	\$ 253,961
Interest and dividends from perpetual trusts held by third parties	296,219	318,073
Total	<u>\$ 607,245</u>	<u>\$ 572,034</u>

Realized and unrealized gains (losses) included in nonoperating activities for the years ended August 31, 2020 and 2019 and are comprised of the following:

	<u>2020</u>	<u>2019</u>
Unrealized gains	\$ 818,708	\$ 262,284
Realized gains (losses)	395,242	(134,242)
Total	<u>\$ 1,213,950</u>	<u>\$ 128,042</u>

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**NOTE 5            BENEFICIAL INTEREST IN ASSETS HELD BY JEWISH FEDERATION OF GREATER  
PHILADELPHIA**

The Organization has beneficial interests in assets held by the Jewish Federation of Greater Philadelphia (Federation). These assets resulted from donor contributions to the Federation many years ago with the donor restriction that the assets were to be used to support programs of JFCS. While the Organization does not have the right to receive the assets contributed to Federation, it is entitled to periodic distributions of earnings on these assets based on a spending policy determined by Federation. For the years ended August 31, 2020 and 2019, the Federation distributed \$24,724 and \$24,648 to JFCS, respectively.

In accordance with ASC 958, Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others, the assets have been recognized as an asset entitled Beneficial Interest in Assets held by Jewish Federation of Greater Philadelphia in the combined statements of financial position in the amount of \$530,447 and \$513,328 as of August 31, 2020 and 2019, respectively. Subsequent changes in the value of that asset are recorded in the combined statements of activities and changes in net assets as changes in assets held by Jewish Federation of Greater Philadelphia.

**NOTE 6            BENEFICIAL INTEREST IN SPLIT INTEREST AGREEMENT**

In September 2016, the Organization was notified that it was named as a beneficiary of a Charitable Lead Trust. Based on the initial fair market value of the trust which was \$1,000,000, the Organization will receive 8% annual distributions of \$80,000 on December 31<sup>st</sup> of each year beginning on December 31, 2016. The term of the trust is 20 years from the date of the surviving grantor, April 6, 2015. The trust will terminate on April 5, 2035. The total amount received for the years ended August 31, 2020 and 2019 was \$80,000. The assets of the Trust are held by the Custodian, Merrill Lynch and are recognized as beneficial interests in split interest agreements in an amount reflecting the present value of the annual distributions to be received. The annual distributions are restricted for the purpose of benefitting the needs of children.

**NOTE 7            FAIR VALUE MEASUREMENTS**

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, which establishes a framework for measuring fair value, the Organization measures fair value according to the following hierarchy:

- Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted market prices that are observable for the asset or liability.
- Level 3 - Inputs are unobservable and significant to the fair value measurement of the asset or liability.

Management's estimate to value the Organization's Level 1 and 2 investments is based on investment valuation statements and other observable inputs. For those investments with unobservable valuation methods (Level 3), management's estimate of the fair value of investments not currently actively traded is based on consideration of several factors, including but not limited to: a) significant third-party transactions by unrelated investors, b) original cost of securities, c) financial conditions, performance and potential of the issuer of the securities, d) significant events that impact the issuer, including pricing and terms of future equity financings, and mergers of acquisition prospects, and e) other factors that would impact the general financial conditions or values of such securities.

The financial instruments' level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

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NOTE 7 FAIR VALUE MEASUREMENTS (continued)

The Organization's investments at fair value, for the years ended August 31, 2020 and 2019 are as follows:

	2020			
	Level 1	Level 2	Level 3	Total
Mutual Funds				
Bond fund	\$ 4,112,438	\$ -	\$ -	\$ 4,112,438
Total mutual funds	<u>4,112,438</u>	<u>-</u>	<u>-</u>	<u>4,112,438</u>
Exchange traded funds				
Large cap fund	4,103,590	-	-	4,103,590
Small/mid cap fund	402,467	-	-	402,467
International	2,212,812	-	-	2,212,812
Emerging markets	382,271	-	-	382,271
Total exchange traded funds	<u>7,101,140</u>	<u>-</u>	<u>-</u>	<u>7,101,140</u>
Perpetual trusts held by third parties	-	6,841,535	-	6,841,535
	<u>11,213,578</u>	<u>6,841,535</u>	<u>-</u>	<u>18,055,113</u>
Alternative investments				
Beneficial interest in assets held by third parties	-	-	1,514,131	1,514,131
Total investment assets at fair value	<u>\$ 11,213,578</u>	<u>\$ 6,841,535</u>	<u>\$ 1,514,131</u>	<u>\$ 19,569,244</u>
	2019			
	Level 1	Level 2	Level 3	Total
Mutual Funds				
Small/mid cap fund	\$ 1,074,358	\$ -	\$ -	\$ 1,074,358
International	712,593	-	-	712,593
Emerging markets	934,902	-	-	934,902
Bond fund	3,920,923	-	-	3,920,923
Total mutual funds	<u>6,642,776</u>	<u>-</u>	<u>-</u>	<u>6,642,776</u>
Exchange traded funds				
Large cap fund	2,648,739	-	-	2,648,739
Total exchange traded funds	<u>2,648,739</u>	<u>-</u>	<u>-</u>	<u>2,648,739</u>
Perpetual trusts held by third parties	-	6,609,201	-	6,609,201
	<u>9,291,515</u>	<u>6,609,201</u>	<u>-</u>	<u>15,900,716</u>
Alternative investments				
Beneficial interest in assets held by third parties	-	-	1,548,363	1,548,363
Total investment assets at fair value	<u>\$ 9,291,515</u>	<u>\$ 6,609,201</u>	<u>\$ 1,548,363</u>	<u>\$ 17,449,079</u>

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NOTE 7 FAIR VALUE MEASUREMENTS (continued)

The Organization measures the fair value of investments in perpetual trusts held by third parties through the proportionate allocated share calculated by the Jewish Federation of Greater Philadelphia. These investments are held as part of the Federation's investment portfolio and therefore the Organization does not have the ability to make investment decisions regarding these assets (see Note 5). The Organization measures beneficial interest in assets held by third parties (see Level 3 reconciliation following) as described in Notes 5 and 6. Because the Organization does not control the activities in these investment funds, they are not considered Level 1 investments.

The following summarizes the required Level 3 reconciliations as of August 31, 2020 and 2019 (see Notes 5 and 6 for descriptions of investments):

	2020			
	Sperling Fund Endowment	Federation CIT Endowment	Charitable Lead Trust	Totals
Beginning balance, September 1, 2019	\$ 289,936	\$ 223,392	\$ 1,035,035	\$ 1,548,363
Gain on fair value	23,588	18,255	-	41,843
Contributions	-	-	28,649	28,649
Distributions	(13,975)	(10,749)	(80,000)	(104,724)
Ending balance, August 31, 2020	\$ 299,549	\$ 230,898	\$ 983,684	\$ 1,514,131
	2019			
	Sperling Fund Endowment	Federation CIT Endowment	Charitable Lead Trust	Totals
Beginning balance, September 1, 2018	\$ 303,047	\$ 233,823	\$ 1,084,888	\$ 1,621,758
Gain on fair value	816	290	-	1,106
Contributions	-	-	30,147	30,147
Distributions	(13,927)	(10,721)	(80,000)	(104,648)
Ending balance, August 31, 2019	\$ 289,936	\$ 223,392	\$ 1,035,035	\$ 1,548,363

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**NOTE 8            PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of August 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land, buildings and improvements	\$ 6,219,845	\$ 6,219,845
Leasehold improvements	133,190	147,348
Equipment and furniture	316,001	316,001
Transportation equipment	139,546	139,546
Computer software	<u>66,791</u>	<u>81,751</u>
	6,875,373	6,904,491
Less accumulated depreciation	<u>(860,655)</u>	<u>(649,667)</u>
	<u>\$ 6,014,718</u>	<u>\$ 6,254,824</u>

Depreciation expense for the years ended August 31, 2020 and 2019 was \$245,751 and \$287,067, respectively.

**NOTE 9            MARGIN LOAN PAYABLE**

The Foundation has available margin loan capability with Fidelity Investments. The borrowing limit on the margin loan is up to 50% of the investment asset value within the portfolio. The margin loan is collateralized by securities of the Foundation. The margin loan bears interest at a variable rate (3.75% - 4.0%). The rate at August 31, 2020 was 3.75%. As of August 31, 2020 and 2019, there was \$-0- and \$498,239 outstanding borrowings against the margin loan, respectively.

**NOTE 10          PAYCHECK PROTECTION PROGRAM LOAN FUNDING**

During the current year the Organization received a Paycheck Protection Program Loan in the amount of \$1,486,000 under The Coronavirus Aid, Relief and Economic Security (CARES) Act. The Organization has elected to analogize to International Accounting Standard (IAS) 20 which applies to all government grants. Based on the terms of the loan the Organization has received the funding and has reasonable assurance that they will meet all conditions of the grant and it will be forgiven in full. Therefore, they have elected to recognize contribution income for all funds spent for eligible expenses. As of August 31, 2020, the Organization spent \$1,486,000 of the money and this amount is included in contribution income on the statement of activities.

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**NOTE 11 DONOR RESTRICTIONS ON NET ASSETS**

Donor restrictions on net assets are available for the following as of August 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Jewish Federation of Greater Philadelphia's allocation for the fiscal year ended:		
August 31, 2021	\$ 1,186,379	\$ -
August 31, 2020	-	1,283,440
Other funds restricted for use in specific Agency programs	<u>2,782,342</u>	<u>7,693,811</u>
	<u>\$ 3,968,721</u>	<u>\$ 8,977,251</u>

The Organization receives significant funding from the Jewish Federation of Greater Philadelphia (Federation). The fiscal year 2020 allocation from the Federation of \$1,283,440 was awarded to and recorded by the Organization in fiscal year 2019. The fiscal year 2021 allocation from the Federation of \$1,186,379 was awarded to and recorded by the Organization in fiscal year 2020.

Net assets released from restrictions during the years ended August 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Jewish Federation of Greater Philadelphia's allocation for the fiscal years ended August 31, 2020 and 2019	\$ 1,283,440	\$ 1,315,000
City of Philadelphia funded programs	4,663,685	2,261,618
Other funds used in specific Agency programs	<u>7,322,223</u>	<u>4,783,936</u>
	<u>\$ 13,269,348</u>	<u>\$ 8,360,554</u>

**NOTE 12 ENDOWMENT AND BOARD DESIGNATED FUNDS**

The Foundation's endowment funds include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments (board designated funds). As required by accounting principles generally accepted in the United States of America, net assets associated with endowments funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Commonwealth of Pennsylvania state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.



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NOTE 12 ENDOWMENT AND BOARD DESIGNATED FUNDS (continued)

Endowment and board designated net assets had the following compositions as of August 31, 2020:

	<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor Restricted Endowment funds	\$ -	\$ 16,511,111	\$ 16,511,111
Board Designated Endowment funds	<u>2,743,994</u>	<u>-</u>	<u>2,743,994</u>
Endowment net assets, end of year	<u>\$ 2,743,994</u>	<u>\$ 16,511,111</u>	<u>\$ 19,255,105</u>

Endowment and board designated net assets had the following compositions as of August 31, 2019:

	<u>2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor Restricted Endowment funds	\$ -	\$ 15,899,937	\$ 15,899,937
Board Designated Endowment funds	<u>2,337,070</u>	<u>-</u>	<u>2,337,070</u>
Endowment net assets, end of year	<u>\$ 2,337,070</u>	<u>\$ 15,899,937</u>	<u>\$ 18,237,007</u>

The Foundation's endowment and board designated net assets had the following activity for the year ended August 31, 2020:

	<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$ 2,337,070</u>	<u>\$ 15,899,937</u>	<u>\$ 18,237,007</u>
Investment return			
Investment income	311,026	-	311,026
Net appreciation - realized and unrealized	<u>20,187</u>	<u>1,201,270</u>	<u>1,221,457</u>
Total investment return	331,213	1,201,270	1,532,483
Contributions	-	81,184	81,184
Appropriation of endowment assets			
from expenditure	-	(444,084)	(444,084)
Appropriation of temporarily restricted			
assets to (from) expenditure	227,196	(227,196)	-
Other changes			
Board designated expenditure	<u>(151,485)</u>	<u>-</u>	<u>(151,485)</u>
Changes in net assets	<u>406,924</u>	<u>611,174</u>	<u>1,018,098</u>
Endowment net assets, end of year	<u>\$ 2,743,994</u>	<u>\$ 16,511,111</u>	<u>\$ 19,255,105</u>

**JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND  
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NOTE 12      ENDOWMENT AND BOARD DESIGNATED FUNDS (continued)

The Foundation's endowment and board designated net assets had the following activity for the year ended August 31, 2019:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 2,139,994	\$ 16,344,590	\$ 18,484,584
Investment return			
Investment income	253,694	267	253,961
Net (depreciation) appreciation - realized and unrealized	(151,987)	269,598	117,611
Total investment return	101,707	269,865	371,572
Contributions	-	31,369	31,369
Appropriation of endowment assets from expenditure	-	(514,296)	(514,296)
Appropriation of temporarily restricted assets to (from) expenditure	231,591	(231,591)	
Other changes			
Board designated expenditure	(136,222)	-	(136,222)
Changes in net assets	197,076	(444,653)	(247,577)
Endowment net assets, end of year	\$ 2,337,070	\$ 15,899,937	\$ 18,237,007

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment and board designated assets that attempt to provide a relatively predictable and growing stream of annual distributions in support of the institution while preserving the long-term, real purchasing power of assets. An additional purpose of the fund is to provide a source of funds for a time when the Foundation may face a financial emergency, subject to any funds being utilized in such a manner which is consistent with the original donor restrictions. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity as well as board designated funds.

From time-to-time, the fair value of assets associated with an individual donor restricted endowment fund may fall below the level that the donor or state law requires the Foundation to retain as a fund of perpetual duration. Accordingly, deficiencies of this nature would be reported in net assets without donor restrictions. There were no such deficiencies as of August 31, 2020 and 2019.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation's current asset allocation policy for endowment and board designated funds targets 33% in domestic equities, 27% in international equities, and 40% in fixed income securities.

**JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND  
FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.  
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AUGUST 31, 2020 AND 2019**

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NOTE 12      ENDOWMENT AND BOARD DESIGNATED FUNDS (continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation's Board of Directors has approved an annual spending rate of 5% of the market value of endowment and board designated funds averaged over several years. Earnings on net assets with donor restrictions are released from donor restricted funds and are used in accordance with donor stipulations.

NOTE 13      COMMITMENTS AND CONTINGENCY

Leases

The Organization has various operating leases for its office and program facilities and equipment that expire at various times between August 2021 and July 2023.

Future minimum payments are as follows:

Years ending August 31,

2021	\$ 223,113
2022	108,399
2023	<u>12,661</u>
	<u>\$ 344,173</u>

Total rental expense for the years ended August 31, 2020 and 2019 was approximately \$465,726 and \$404,965, respectively.

Pension Plan

The Organization participates in a defined benefit pension plan administered by the Jewish Federation of Greater Philadelphia. Pension expense under this plan for participating employees were \$166,084 and \$178,769 for the years ended August 31, 2020 and 2019, respectively. Separate information about the Organization's share of plan assets and benefits is not available. The Organization is not aware of any unfunded obligations to the plan. Effective, September 1, 2011, the Organization discontinued participation in the plan although it is still required to maintain adequate funding to support the plan's liabilities and obligations.

Employee Benefits

The Organization has a defined contribution money purchase pension plan covering eligible employees. All employees eligible for benefits can participate in the plan. Employer contributions to the plan are 2% of eligible wages after one year of service. Beginning with calendar year 2012, the Organization provides an additional contribution to all eligible employees in the amount of 2% of annual wages at the end of each calendar year as an additional benefit due to the discontinued participation in the Federation Pension Plan. Employees become fully vested after three years of service. Contributions to the plan for the years ended August 31, 2020 and 2019 were \$257,502 and \$240,292, respectively.

**JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA AND  
FOUNDATION OF THE JEWISH FAMILY AND CHILDREN'S SERVICE OF PHILADELPHIA, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
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**NOTE 14      CONCENTRATIONS OF CREDIT AND MARKET RISK**

Financial instruments that potentially expose JFCS and Foundation to concentrations of credit risk consist principally of cash and cash equivalents, receivables and instruments. JFCS and Foundation maintain cash balances at several financial institutions located in the Greater Philadelphia, Pennsylvania area, which, at times, exceed federally insured limits. The Organization has not experienced any losses on those accounts and believes that it is not exposed to a significant risk on cash deposits.

A significant portion of JFCS's revenue and related receivables are derived from Jewish Federation of Greater Philadelphia, Philadelphia Department of Human Services, Philadelphia Department of Behavioral Health and Intellectual Disability Services, Conference on Jewish Material Claims Against Germany, Inc. and other Pennsylvania counties and program related funds from individuals.

JFCS and Foundation invest in various investment securities that are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the combined statements of financial position.

The Board of Directors has implemented investment guidelines intended to mitigate the investments' risk. See Notes 4, 5, and 12 for investment information.

**NOTE 15      COLLECTIVE BARGAINING AGREEMENT**

Approximately 55% of total employees are covered by a collective bargaining agreement for the years ended August 31, 2020 and 2019. This agreement expires on August 31, 2021. These employees do not participate in any retirement plan offered through the Union.

**NOTE 16      SUBSEQUENT EVENTS**

Management has evaluated for subsequent events occurring after August 31, 2020 (the financial statement date) through December 16, 2020 the date of this report, which represents the date the report was available to be issued. During this period, the Organization did not have any material recognizable subsequent events other than those noted below.

Due to the current global pandemic, the Organization and businesses in general are being affected throughout the country. The volatility of the market is currently unknown and depends on future developments including the duration of the pandemic. Management of the Organization as well as the Federal, State, and local governments are addressing how to best manage the situation.

**SUPPLEMENTARY INFORMATION**

**UNIFORM GUIDANCE REQUIREMENTS**

**JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA  
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND CITY AWARDS  
YEAR ENDED AUGUST 31, 2020**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Grant Period	Net Expenditures
<b>FEDERAL AWARDS</b>				
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<b>PASS-THROUGH</b>				
<b>PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE/PHILADELPHIA DEPARTMENT OF PUBLIC HEALTH</b>				
Drug and Alcohol Programs	93.959	17-20072-03	7/01/19-6/30/20	\$ 504,038
Drug and Alcohol Programs	93.959	21-0003	7/01/20-6/30/21	27,769
Teen Pregnancy Prevention	93.959	17-20072-03	7/01/19-6/30/20	106,445
Teen Pregnancy Prevention	93.959	21-0003	7/01/20-6/30/21	18,761
Early Intervention Program	93.959	17-20072-03	7/01/19-6/30/20	106,397
Early Intervention Program	93.959	21-0003	7/01/20-6/30/21	23,771
Opioid Prevention Program	93.788	17-20072-03	7/01/19-6/30/20	64,800
<b>PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE/PHILADELPHIA DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Title IVE Foster Care Program	93.658	19-20018-01	7/01/19-6/30/20	853,979
<b>BUCKS COUNTY DRUG AND ALCOHOL COMMISSION</b>				
Drug and Alcohol Program	93.959	575	7/01/19-6/30/20	42,640
Drug and Alcohol Program	93.959	575	7/01/20-6/30/21	<u>3,302</u>
<b>TOTAL FEDERAL AWARDS</b>				<b><u>\$ 1,751,902</u></b>

See notes to schedule of expenditures of federal, state and city awards.

**JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND CITY AWARDS (continued)**  
**YEAR ENDED AUGUST 31, 2020**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Grant Period	Net Expenditures
STATE AWARDS				
PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE				
PASS-THROUGH				
PHILADELPHIA DEPARTMENT OF HUMAN SERVICES				
ACT 148 Foster Care Program	N/A	19-20118-01	7/01/19-6/30/20	\$ 1,268,769
ACT 148 Truancy Prevention Program	N/A	19-20055-01	7/01/19-6/30/20	456,635
ACT 148 Family Empowerment Services Program	N/A	17-20259-03	7/01/19-6/30/20	<u>372,364</u>
<b>TOTAL PHILADELPHIA DEPARTMENT OF HUMAN SERVICES</b>				<u>2,097,768</u>
PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE/PHILADELPHIA DEPARTMENT OF PUBLIC HEALTH				
Gambling Prevention Program	N/A	17-20072-03	7/01/19-6/30/20	234,841
Gambling Prevention Program	N/A	21-0003	7/01/20-6/30/21	15,290
Suicide Prevention Program	N/A	17-20072-03	07/01/19-6/30/20	74,267
Suicide Prevention Program	N/A	21-0003	07/01/20-6/30/21	<u>11,117</u>
<b>TOTAL PHILADELPHIA DEPARTMENT OF PUBLIC HEALTH</b>				<u>335,515</u>

See notes to schedule of expenditures of federal, state and city awards.



**JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND CITY AWARDS (continued)**  
**YEAR ENDED AUGUST 31, 2020**

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BUCKS COUNTY DRUG AND ALCOHOL COMMISSION, INC.

Drug and Alcohol Program	N/A	575	7/01/19-6/30/20	\$ 9,743
Drug and Alcohol Program	N/A	575	7/01/20-6/30/21	755
Gambling Prevention Program	N/A	575	7/01/19-6/30/20	32,874
Gambling Prevention Program	N/A	575	7/01/20-6/30/21	<u>2,082</u>
<b>TOTAL BUCKS COUNTY DRUG AND ALCOHOL COMMISSION, INC.</b>				<u>45,454</u>

PENNSYLVANIA DEPARTMENT OF EDUCATION

PASS-THROUGH

SCHOOL DISTRICT OF PHILADELPHIA

ELECT PROGRAM	N/A	0703/F17	7/01/19-6/30/20	467,793
ELECT PROGRAM	N/A	0703/AF17	7/01/20-6/30/21	<u>102,721</u>
<b>TOTAL SCHOOL DISTRICT PHILADELPHIA</b>				<u>570,514</u>

**TOTAL STATE AWARDS** \$ 3,049,251

See notes to schedule of expenditures of federal, state and city awards.

**JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND CITY AWARDS (continued)**  
**YEAR ENDED AUGUST 31, 2020**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Grant Period	Net Expenditures
<b>CITY AWARDS</b>				
<b>PHILADELPHIA DEPARTMENT OF HUMAN SERVICES</b>				
Foster Care Program	N/A	19-20018-01	7/01/19-6/30/20	\$ 317,192
Truancy Prevention Program	N/A	19-20055-01	7/01/19-6/30/20	114,159
Family Empowerment Services Program	N/A	17-20259-03	7/01/19-6/30/20	<u>93,091</u>
<b>TOTAL PHILADELPHIA DEPARTMENT OF HUMAN SERVICES</b>				<u>524,442</u>
<b>TOTAL CITY AWARDS</b>				<u>524,442</u>
<b>TOTAL FEDERAL, STATE AND CITY AWARDS</b>				<u>\$ 5,325,595</u>

See notes to schedule of expenditures of federal, state and city awards.

**JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND CITY AWARDS  
AUGUST 31, 2020**

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**NOTE 1 BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal, State, and City Awards is presented using the accrual basis of accounting, and includes all awards received directly from federal agencies or pass through other governmental agencies or nonprofit organizations.

The accompanying Schedules of Expenditures of Federal, State and City Awards include the activity of all federal, state and city financial assistance programs of JFCS for the year ended August 31, 2020. JFCS's reporting entity is defined in Note 1 of the Organization's financial statements. The information in these schedules is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedules present only a selected portion of the operations of JFCS, it is not intended to and does not present the financial position, changes in net assets, or cash flows of JFCS.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- (1) Expenditures reported on the accompanying Schedule of Expenditures of Federal, State and City Awards are reported using the accrual basis of accounting, which is described in Note 1 to the Organization's financial statements. Such expenditures are recognized following the cost principles contained in *Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass through entity identifying numbers are presented when available.

**NOTE 3 PROGRAM/AWARD AMOUNTS**

JFCS has an August 31 year-end. Contracts with the City of Philadelphia, Departments of Human Services and of Public Health and various counties generally have contract periods ending June 30. Therefore, the accompanying schedule of expenditures of federal, state and city awards contain financial activity for the last ten months of June 30, 2019 contracts and for the first two months of the June 30, 2021 contracts.

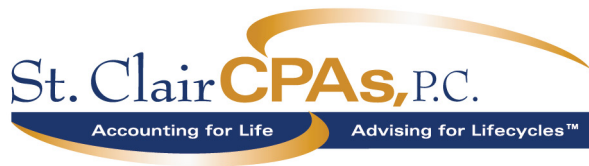
Based on information from the funding agencies, and to retain consistency, the program/award allocations for the June 30, 2021 contracts have been allocated in the same percentages as the June 30, 2020 program/award amounts.

**NOTE 4 RELATIONSHIP TO BASIC COMBINED FINANCIAL STATEMENTS**

Federal, state and city financial award expenditures are reported on the combined statements of functional expenses as program services. In certain programs, the expenditures reported in the basic combined financial statements may differ from expenditures reported in the schedule of expenditures of federal, state and city awards because program expenditures which exceed grant or contract budget limitations are not included as federal, state and city awards.

**NOTE 5 INDIRECT COST RATE**

JFCS has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
Jewish Family and Children's Service of Greater Philadelphia and  
Foundation of the Jewish Family and Children's Service of Philadelphia, Inc.  
Philadelphia, Pennsylvania

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 combined financial statements of Jewish Family and Children's Service of Greater Philadelphia and Foundation of the Jewish Family and Children's Service of Philadelphia, Inc. (a nonprofit organization), which comprise the combined statements of financial position as of August 31, 2020 and 2019, and the related combined statements of activities and changes in net assets, functional expenses, functional expenses detail of program services and cash flows for the years then ended, and the related notes to the combined financial statements, and have issued our report thereon dated December 16, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the combined financial statements, we considered Jewish Family and Children's Service of Greater Philadelphia and Foundation of the Jewish Family and Children's Service of Philadelphia, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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


Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Jewish Family and Children's Service of Greater Philadelphia and Foundation of the Jewish Family and Children's Service of Philadelphia, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

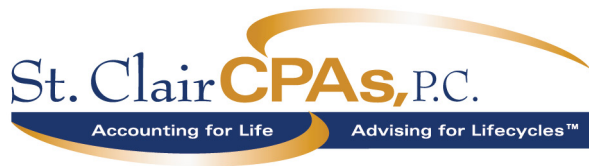
## Purpose of this Report

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "St. Clair CPA3, P.C." in a cursive, slightly slanted script.

Certified Public Accountants

Conshohocken, Pennsylvania  
December 16, 2020



## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of  
Jewish Family and Children's Service of Greater Philadelphia  
Philadelphia, Pennsylvania

### Report on Compliance for Each Major Federal Program

We have audited Jewish Family and Children's Service of Greater Philadelphia's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended August 31, 2020. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

### Opinion on Each Major Federal Program

In our opinion, Jewish Family and Children's Service of Greater Philadelphia 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 August 31, 2020.

## Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and City of Philadelphia Subrecipient Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*At. Clair CPA3, P.C*

Certified Public Accountants

Conshohocken, Pennsylvania  
December 16, 2020

**JEWISH FAMILY AND CHILDREN’S SERVICE OF GREATER PHILADELPHIA AND FOUNDATION  
OF THE JEWISH FAMILY AND CHILDREN’S SERVICE OF PHILADELPHIA, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
AUGUST 31, 2020**

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**SUMMARY OF AUDITORS’ RESULTS**

1. The auditors’ report expresses an unmodified opinion on whether the financial statements of Jewish Family and Children’s Service of Greater Philadelphia were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the Organization were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal awards programs are reported in the Report on Compliance for Each Major Program and Report in Internal Control Over Compliance Requirements for Federal Awards required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance)*.
5. The auditors’ report on compliance for the major federal award programs for the Organization expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this schedule.
7. The following program was tested as a major program:

U.S. Department of Health and Human Services Foster Care Program CFDA No. 93.658
8. The threshold for distinguishing types A and B programs was \$750,000.
9. The Organization was determined to be a low-risk auditee.

**FINDINGS - FINANCIAL STATEMENT AUDIT**

None

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None

**SUMMARY OF PRIOR YEAR FINDINGS**

None



**SUPPLEMENTARY INFORMATION FOR**  
**THE CITY OF PHILADELPHIA**  
**DEPARTMENT OF PUBLIC HEALTH**

**JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA  
CITY OF PHILADELPHIA, DEPARTMENT OF PUBLIC HEALTH  
COORDINATING OFFICE FOR DRUG AND ALCOHOL ABUSE PROGRAMS  
CONTRACT NUMBER 17-20072-03  
SCHEDULE OF FUNCTIONAL EXPENDITURES BY PROGRAM AND REVENUE BY FUNDING SOURCES  
SEPTEMBER 01, 2019 - AUGUST 31, 2020**

	(a) July 1, 2019 to August 31, 2019								(b) September 1, 2019 to June 30, 2020								(a) + (b) Total for the Contract Period July 1, 2019 to June 30, 2020								(c) July 1, 2020 to August 31, 2019								(b)+(c) Total For Year Ended August 31, 2019							
	Drug & Alcohol Prevention	Teen Pregnancy	Gambling Prevention	Early Intervention	Suicide Prevention	Summer Program	Total	Drug & Alcohol Prevention	Teen Pregnancy	Gambling Prevention	Early Intervention	Suicide Prevention	STR Program	Summer Program	Total	Drug & Alcohol Prevention	Teen Pregnancy	Gambling Prevention	Early Intervention	Suicide Prevention	STR Program	Summer Program	Total	Drug & Alcohol Prevention	Teen Pregnancy	Gambling Prevention	Early Intervention	Suicide Prevention	Summer Program	Total	Drug & Alcohol Prevention	Teen Pregnancy	Gambling Prevention	Early Intervention	Suicide Prevention	STR Program	Summer Program	Total		
<b>FUNCTIONAL EXPENDITURES BY PROGRAM</b>																																								
Personnel services	\$ 21,714	\$ 6,227	\$ 8,250	\$ 10,136	\$ 784	\$ 7,904	\$ 55,015	\$ 394,914	\$ 83,452	\$ 151,715	\$ 77,331	\$ 54,032	\$ -	\$ -	\$ 761,444	\$ 416,628	\$ 89,679	\$ 159,965	\$ 87,467	\$ 54,816	\$ -	\$ 7,904	\$ 816,459	\$ 17,756	\$ 15,035	\$ 10,253	\$ 19,043	\$ 8,615	\$ -	\$ 70,702	\$ 412,670	\$ 98,487	\$ 161,968	\$ 96,374	\$ 62,647	\$ -	\$ -	\$ 832,146		
Operating expenses	12,023	2,140	5,616	3,467	1,949	35,396	60,591	109,124	22,993	83,126	29,066	20,235	64,800	-	329,344	121,147	25,133	88,742	32,533	22,184	64,800	35,396	389,935	10,013	3,726	5,037	4,728	2,502	-	26,006	119,137	26,719	88,163	33,794	22,737	64,800	-	355,350		
<b>TOTAL FUNCTIONAL EXPENDITURES BY PROGRAM</b>	<b>33,737</b>	<b>8,367</b>	<b>13,866</b>	<b>13,603</b>	<b>2,733</b>	<b>43,300</b>	<b>115,606</b>	<b>504,038</b>	<b>106,445</b>	<b>234,841</b>	<b>106,397</b>	<b>74,267</b>	<b>64,800</b>	<b>-</b>	<b>1,090,788</b>	<b>537,775</b>	<b>114,812</b>	<b>248,707</b>	<b>120,000</b>	<b>77,000</b>	<b>64,800</b>	<b>43,300</b>	<b>1,206,394</b>	<b>27,769</b>	<b>18,761</b>	<b>15,290</b>	<b>23,771</b>	<b>11,117</b>	<b>-</b>	<b>96,708</b>	<b>531,807</b>	<b>125,206</b>	<b>250,131</b>	<b>130,168</b>	<b>85,384</b>	<b>64,800</b>	<b>-</b>	<b>1,187,496</b>		
<b>REVENUE BY FUNDING SOURCES</b>																																								
City of Philadelphia, Coordinating Office for Drug and Alcohol Abuse Programs	33,737	8,367	13,866	13,603	2,733	43,300	115,606	504,038	106,445	234,841	106,397	74,267	64,800	-	1,090,788	537,775	114,812	248,707	120,000	77,000	64,800	43,300	1,206,394	27,769	18,761	15,290	23,771	11,117	-	96,708	531,807	125,206	250,131	130,168	85,384	64,800	-	1,187,496		
School District of Philadelphia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUE BY FUNDING SOURCES</b>	<b>33,737</b>	<b>8,367</b>	<b>13,866</b>	<b>13,603</b>	<b>2,733</b>	<b>43,300</b>	<b>115,606</b>	<b>504,038</b>	<b>106,445</b>	<b>234,841</b>	<b>106,397</b>	<b>74,267</b>	<b>64,800</b>	<b>-</b>	<b>1,090,788</b>	<b>537,775</b>	<b>114,812</b>	<b>248,707</b>	<b>120,000</b>	<b>77,000</b>	<b>64,800</b>	<b>43,300</b>	<b>1,206,394</b>	<b>27,769</b>	<b>18,761</b>	<b>15,290</b>	<b>23,771</b>	<b>11,117</b>	<b>-</b>	<b>96,708</b>	<b>531,807</b>	<b>125,206</b>	<b>250,131</b>	<b>130,168</b>	<b>85,384</b>	<b>64,800</b>	<b>-</b>	<b>1,187,496</b>		
<b>REVENUE OVER FUNCTIONAL EXPENSES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to supplementary information for the City of Philadelphia, Department of Public Health

**JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA  
NOTES TO SUPPLEMENTARY INFORMATION FOR THE CITY OF PHILADELPHIA,  
DEPARTMENT OF PUBLIC HEALTH  
AUGUST 31, 2020**

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**NOTE 1 BASIS OF PRESENTATION**

The accompanying supplementary information has been prepared solely to comply with the regulatory 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) and the City of Philadelphia, Department of Public Health, Coordinating Office for Drug and Alcohol Abuse Programs. Because the data submitted is limited to those requirements, this schedule is not intended to present results of operations in accordance with accounting principles generally accepted in the United States of America.

**NOTE 2 DESCRIPTION OF PROGRAMS**

The following programs and services were provided by the Organization under contracts with the City of Philadelphia, Department of Public Health, for the period from July 1, 2019 to August 31, 2020 through the Coordinating Office for Drug and Alcohol Abuse Programs:

Project Pride: provides workshops and seminars to middle and junior high school students, parents, teachers and counselors aimed at preventing drug and alcohol abuse.

Wee Care: provides counseling on drug and alcohol abuse and prevention for teenagers who are pregnant or to their parents.

**NOTE 3 EQUIPMENT PURCHASES**

Equipment purchased under contracts with the City of Philadelphia, Department of Public Health, remains the property of the City of Philadelphia subject to JFCS' exclusive use during the term of the contract and any subsequent contract renewals. At the conclusion of the contract and any subsequent contract renewals, JFCS has the option of acquiring the equipment based upon fair market value determined by independent appraisal.

**SUPPLEMENTARY INFORMATION FOR  
THE CITY OF PHILADELPHIA  
DEPARTMENT OF HUMAN SERVICES**

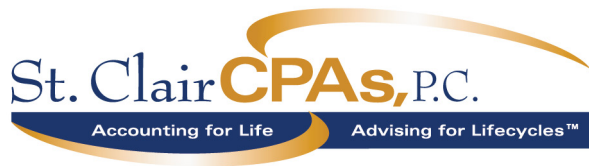
**JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA**  
**CITY OF PHILADELPHIA, DEPARTMENT OF HUMAN SERVICES**  
**STATEMENT OF FUNCTIONAL EXPENDITURES BY PROGRAM**  
**YEAR ENDED AUGUST 31, 2020**

	<u>Total All Functions</u>	<u>Foster Care</u>	<u>Truancy Prevention</u>	<u>Empowerment Services</u>
<b>SALARIES AND RELATED EXPENSES</b>				
Professional	\$ 1,302,716	\$ 664,901	\$ 348,805	\$ 289,010
Clerical	67,689	45,945	17,395	4,349
Drivers	2,952	2,952	-	-
Allocated payroll taxes and benefits	<u>412,008</u>	<u>214,140</u>	<u>109,859</u>	<u>88,009</u>
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b><u>\$ 1,785,365</u></b>	<b><u>\$ 927,938</u></b>	<b><u>\$ 476,059</u></b>	<b><u>\$ 381,368</u></b>
<b>OPERATING EXPENSES AND ADMINISTRATIVE</b>				
Professional fees and contract payments	\$ 435	\$ 435	\$ -	\$ -
Office supplies and expenses	13,325	13,305	20	-
Telephone	17,013	8,731	4,460	3,822
Postage	1,499	1,499	-	-
Conferences, meetings and staff development	2,189	2,189	-	-
Dues and subscriptions	6,318	6,318	-	-
Insurance	38,233	23,062	7,960	7,211
Staff expenses	14,913	10,383	2,821	1,708
Allocation of administrative costs	<u>247,670</u>	<u>153,465</u>	<u>51,891</u>	<u>42,314</u>
<b>TOTAL OPERATING EXPENSES AND ADMINISTRATIVE</b>	<b><u>\$ 341,595</u></b>	<b><u>\$ 219,387</u></b>	<b><u>\$ 67,152</u></b>	<b><u>\$ 55,055</u></b>
<b>OCCUPANCY</b>				
Rent	\$ 78,002	\$ 41,015	\$ 20,321	\$ 16,666
Building and ground upkeep	8,773	8,773	-	-
Utilities	<u>4,606</u>	<u>4,606</u>	<u>-</u>	<u>-</u>
<b>TOTAL OCCUPANCY</b>	<b><u>\$ 91,381</u></b>	<b><u>\$ 54,394</u></b>	<b><u>\$ 20,321</u></b>	<b><u>\$ 16,666</u></b>
<b>CHILDREN'S DIRECT EXPENSES</b>				
Food and board	\$ 1,235,227	\$ 1,233,703	\$ 1,524	\$ -
Clothing	1,602	943	310	349
Furnishing expense	12,153	-	4,443	7,710
Personal expense	7,641	2,601	895	4,145
Fares	937	872	-	65
Educational supplies, cultural, and recreational supplies	<u>289</u>	<u>101</u>	<u>91</u>	<u>97</u>
<b>TOTAL CHILDREN'S DIRECT EXPENSES</b>	<b><u>\$ 1,257,849</u></b>	<b><u>\$ 1,238,220</u></b>	<b><u>\$ 7,263</u></b>	<b><u>\$ 12,366</u></b>
<b>GRAND TOTAL ALL EXPENSES</b>	<b><u>\$ 3,476,190</u></b>	<b><u>\$ 2,439,940</u></b>	<b><u>\$ 570,795</u></b>	<b><u>\$ 465,455</u></b>
<b>DAYS OF CARE DHS CHILDREN</b>	56,960	56,960	-	-
<b>CAPACITY OF ALL FACILITIES</b>	N/A	N/A	N/A	N/A

**JEWISH FAMILY AND CHILDREN'S SERVICE OF GREATER PHILADELPHIA**  
**CITY OF PHILADELPHIA, DEPARTMENT OF HUMAN SERVICES**  
**REPORT OF EXCESS REVENUE**  
**YEAR ENDED AUGUST 31, 2020**

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	<u>Total All Functions</u>	<u>Foster Care</u>	<u>Truancy Prevention</u>	<u>Family Empowerment Services</u>
<b>TOTAL DHS REVENUE</b>	\$ 3,102,295	\$ 2,066,045	\$ 570,795	\$ 465,455
<b>DEDUCT:</b>				
Expenditures for Philadelphia DHS Services				
Salaries & wages	1,785,365	927,938	476,059	381,368
Operating & administration	341,595	219,388	67,152	55,055
Occupancy	91,381	54,394	20,321	16,666
Children's direct expenses	<u>1,257,849</u>	<u>1,238,220</u>	<u>7,263</u>	<u>12,366</u>
<b>TOTAL DSHS EXPENSES</b>	<u>\$ 3,476,190</u>	<u>\$ 2,439,940</u>	<u>\$ 570,795</u>	<u>\$ 465,455</u>
<b>EXCESS EXPENSES</b>	<u>\$ (373,895)</u>	<u>\$ (373,895)</u>	<u>\$ -</u>	<u>\$ -</u>



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIED INDIRECT COST ALLOCATION PLAN REQUIREMENTS**

To the Board of Directors of  
Jewish Family and Children's Service of Greater Philadelphia  
Philadelphia, Pennsylvania

We have examined Jewish Family and Children's Service of Greater Philadelphia's compliance with allocating indirect costs reflected in the City of Philadelphia, Department of Human Services statement of allocated functional revenue and expenses for Children's Services as required by the Commonwealth of Pennsylvania, Department of Public Welfare, Section 3170.60 of the Chapter 3170 Regulations; and the Indirect Cost Allocations Section of the City of Philadelphia Subrecipient Audit Guide – *Instructions for Completing the Report of Functional Expenditures (Section 2000, Exhibit B)* during the year ended August 31, 2020. Management is responsible for Jewish Family and Children's Service of Greater Philadelphia's compliance with those requirements. Our responsibility is to express an opinion on Jewish Family and Children's Service of Greater Philadelphia's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Jewish Family and Children's Service of Greater Philadelphia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Jewish Family and Children's Service of Greater Philadelphia's compliance with specified requirements.

In our opinion, Jewish Family and Children's Service of Greater Philadelphia complied, in all material respects, with the aforementioned requirements for the year ended August 31, 2020.

This report is intended solely for the information and use of the audit committee, management, and the City of Philadelphia, Department of Human Services and is not intended to be, and should not be, used by anyone other than these specified parties.

Certified Public Accountants

Conshohocken, Pennsylvania  
December 16, 2020