

COMBINED FINANCIAL STATEMENTS

**JAFCO CHILDREN'S FOUNDATION, INC.
JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.
JAFCO CHILDREN'S ABILITY CENTER, INC.
JAFCO-JEWISH ADOPTION AND
FAMILY CARE OPTIONS, INC.**

FOR THE YEAR ENDED DECEMBER 31, 2019

**JAFCO CHILDREN'S FOUNDATION, INC.
 JEWISH ADOPTION AND FOSTER CARE OPTIONS, INC.
 JAFCO CHILDREN'S ABILITY CENTER, INC.
 JAFCO-JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.
 COMBINED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019**

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**JAFCO CHILDREN'S FOUNDATION, INC.
JEWISH ADOPTION AND FOSTER CARE OPTIONS, INC.
JAFCO CHILDREN'S ABILITY CENTER, INC.
JAFCO-JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.
COMBINED FINANCIAL STATEMENTS
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
JAFCO Children's Foundation, Inc.
Jewish Adoption and Foster Care Options, Inc.
JAFCO Children's Ability Center, Inc.
JAFCO-Jewish Adoption and Family Care Options, Inc.
Sunrise, Florida

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of JAFCO Children's Foundation, Inc., Jewish Adoption and Foster Care Options, Inc. d/b/a Jewish Adoption and Family Care Options, JAFCO Children's Ability Center, Inc. and JAFCO-Jewish Adoption and Family Care Options, Inc. aka JAFCO NE Community (nonprofit organizations) (the "Agency") which comprise the combined statement of financial position as of December 31, 2019, and the related combined statements of activities and changes in net assets, combined statement of cash flows, combined statement of functional expense, and the related notes to the combined financial statements.

Management's Responsibility for the Combined 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 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditor's judgment, including the assessment of the risks of material misstatement of the combined 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.

Auditors' Responsibility (Cont'd)

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 combined financial position of JAFCO Children's Foundation, Inc., Jewish Adoption and Foster Care Options, Inc. d/b/a Jewish Adoption and Family Care Options, JAFCO Children's Ability Center, Inc. and JAFCO-Jewish Adoption and Family Care Options, Inc. aka JAFCO NE Community (nonprofit organizations) as of December 31, 2019, and the related combined statement of activities and changes in their net assets and combined cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary schedules on pages 15 – 29 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 May 5, 2020, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 the Agency's internal control over financial reporting and compliance.

Arci G. Jayaram & Company, CPAs

May 5, 2020
Coral Springs, Florida

JAFCO CHILDREN'S FOUNDATION, INC.
JEWISH ADOPTION AND FOSTER CARE OPTIONS, INC.
JAFCO CHILDREN'S ABILITY CENTER, INC.
JAFCO-JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.
COMBINED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019

ASSETS

Cash and cash equivalents	\$ 9,134,128
Investments for current use	2,816,789
Contributions and other receivables:	
Godparent program	7,227,144
Children's Ability Center	1,365,828
Circle of Hope	1,598,327
Silver Heart	229,306
Village	336,785
Other	848,191
	<u>11,605,581</u>
Less: non-current portion	<u>(9,029,413)</u>
Contributions and other receivable, net-current	<u>2,576,168</u>
Prepaid Expenses	196,205
Total current assets	<u>14,723,290</u>
Property, furniture and equipment, net of accumulated depreciation of \$4,726,764	16,137,930
Contributions receivable, net-noncurrent	9,029,413
Deposits	8,554
Total assets	<u><u>\$ 39,899,187</u></u>

LIABILITIES

Accounts payable and accrued expenses	\$ 57,456
Deferred revenue	337,282
Total current liabilities	<u>394,738</u>

NET ASSETS

Without donor restrictions	\$ 9,436,351
With donor restrictions	30,068,096
Total net assets	<u>39,504,447</u>
Total liabilities and net assets	<u><u>\$ 39,899,187</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

JAFCO CHILDREN'S FOUNDATION, INC.
JEWISH ADOPTION AND FOSTER CARE OPTIONS, INC.
JAFCO CHILDREN'S ABILITY CENTER, INC.
JAFCO-JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.
COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	NET ASSETS WITHOUT DONOR RESTRICTIONS	NET ASSETS WITH DONOR RESTRICTIONS	TOTAL
REVENUES			
Contributions	\$ 2,438,984	\$ -	\$ 2,438,984
Grants and private foundations	-	7,147,834	7,147,834
Donations	1,322,861	-	1,322,861
Fundraising events	2,524,850	-	2,524,850
Client fees	154,815	-	154,815
Investment return	650,319	-	650,319
Private foundations and major donations	798,999	-	798,999
Interest and dividends	365,061	-	365,061
Gain on sale of assets	24,006	-	24,006
Restrictions satisfied by payments	1,920,144	(1,920,144)	-
	<u>10,200,039</u>	<u>5,227,690</u>	<u>15,427,729</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT			
EXPENSES:			
Program	9,390,141	-	9,390,141
Management and general	1,140,584	-	1,140,584
Fundraising	1,290,008	-	1,290,008
	<u>11,820,733</u>	<u>-</u>	<u>11,820,733</u>
TOTAL EXPENSES			
CHANGE IN NET ASSETS	(1,620,694)	5,227,690	3,606,996
NET ASSETS AT BEGINNING OF YEAR	<u>11,057,045</u>	<u>24,840,406</u>	<u>35,897,451</u>
NET ASSETS AT END OF YEAR	<u>\$ 9,436,351</u>	<u>\$ 30,068,096</u>	<u>\$ 39,504,447</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

**JAFCO CHILDREN'S FOUNDATION, INC.
 JEWISH ADOPTION AND FOSTER CARE OPTIONS, INC.
 JAFCO CHILDREN'S ABILITY CENTER, INC.
 JAFCO-JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.
 COMBINED STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program	Management and General	Fund Raising	Total
Salaries and related expenses	\$ 6,405,947	\$ 790,858	\$ 711,771	\$ 7,908,576
Client living expenses	391,673	-	-	391,673
Depreciation	440,829	51,862	25,931	518,622
Residential expenses	381,497	-	-	381,497
Fundraising expenses	-	-	316,389	316,389
Facilities expenses	506,627	-	-	506,627
Insurance	257,356	64,339	-	321,695
Telephone and utilities	271,248	33,906	33,906	339,060
Office supplies and expenses	66,834	55,695	100,252	222,781
Professional fees	399,419	99,855	-	499,274
Rent	91,035	30,345	-	121,380
License and fees	16,854	-	-	16,854
Transportation and travel	84,849	5,303	15,909	106,061
Training, screening and fees	67,370	8,421	8,421	84,212
Credit card charges	8,603	-	77,429	86,032
	<u>\$ 9,390,141</u>	<u>\$ 1,140,584</u>	<u>\$ 1,290,008</u>	<u>\$ 11,820,733</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

**JAFCO CHILDREN'S FOUNDATION, INC.
 JEWISH ADOPTION AND FOSTER CARE OPTIONS, INC.
 JAFCO CHILDREN'S ABILITY CENTER, INC.
 JAFCO-JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.
 COMBINED STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2019**

OPERATING ACTIVITIES:

Increase in net assets		\$ 3,606,996
Adjustments to reconcile increase in net asset:		
to net cash provided by operating activities:		
Depreciation		518,622
Unrealized gain on investments		(650,319)
Gain on sale of assets		(24,006)
Changes in operating assets and liabilities:		
Increase in contributions and other receivables		(1,487,214)
Decrease in prepaid expenses		69,560
Decrease in accounts payable and accrued expenses		(15,816)
Decrease in deferred revenue		(47,617)
		\$ 1,970,206
Net Cash Provided by Operating Activities		\$ 1,970,206

INVESTING ACTIVITIES:

Net Increase in investments		502,074
Payment for construction of ballroom		(1,966,721)
Purchase of furniture and equipment		(93,515)
		(1,558,162)
Net Cash Used By Investing Activities		(1,558,162)

FINANCING ACTIVITIES

NET INCREASE IN CASH AND CASH EQUIVALENTS		412,044
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		8,722,084
CASH AND CASH EQUIVALENTS AT END OF YEAR		\$ 9,134,128

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

**JAFCO CHILDREN'S FOUNDATION, INC.
 JEWISH ADOPTION AND FOSTER CARE OPTIONS, INC.
 JAFCO CHILDREN'S ABILITY CENTER, INC.
 JAFCO-JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.
 NOTES TO COMBINED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT
 ACCOUNTING POLICIES

Nature of Activities

Jewish Adoption and Family Care Options, Inc. (aka JAFCO, Jewish Adoption and Foster Care Options, Inc.) was incorporated in April 1992 under the laws of the State of Florida as a not-for-profit voluntary agency exempt from income taxes under the Internal Revenue Code. At inception, the Organization received a ruling from the Internal Revenue Service (IRS) that it is a tax-exempt entity under Section 501{c}{3} of the Internal Revenue Code.

Jewish Adoption and Family Care Options, Inc. is licensed by the Florida Department of Children and Families as a child placing agency to provide foster care and adoption services and as a child caring group residential group care agency to provide emergency shelter and group home services to children ages birth to 23 {from Broward, Miami-Dade, and Palm Beach counties). Jewish Adoption and Family Care Options, Inc. currently provides an entire continuum of programs and services for abused and neglected children and their families:

- Family Preservation/Family Strengthening/Case Management and Referral Services
- Foster/Adoptive Parent Recruitment, Training and Licensing/Home Studies
- Foster Care Placement, Supervision and Support
- Adoption Placement and Post Adoption Support Services
- Emergency Shelter (for youth ages birth to 12)
- Group Home Program (for youth ages 6 to 23)
- Senior Caregiver Program (for grandparents raising their grandchildren)
- MST- Multi Systemic Therapy (in home family therapy program)
- Outpatient Therapy Program
- Independent Living Program for youth aging out of foster care

Eagles' Haven Wellness Center opened in March 2019 as a new stand-alone site in Coral Springs, Florida, managed by JAFCO, Jewish Adoption and Family Care Options, Inc (Fl), funded by the Children's Services Council of Broward County (through a federal grant from the VOCA, Victims of Crimes Act) to provide support and trauma services seven days a week to the Marjory Stoneman Douglas community of students, family members and faculty, in the wake of the mass school shooting that occurred in Parkland on February 14, 2018. Services are an extension of the JAFCO model and include family support, case management and referral, emergency crisis support, wellness activities, wellness and trauma education, meditation all provided free of charge.

JAFCO Children's Foundation Inc. was incorporated in March 2004 under the laws of the State of Florida as a not-for-profit voluntary agency exempt from income taxes under the Internal Revenue Code. At inception, the Organization received a ruling from the Internal Revenue Service (IRS) that it is a tax-exempt entity under Section 501{c}{3} of the Internal Revenue Code. The sole purpose of the JAFCO Children's Foundation is to provide funding and support for JAFCO approved programs listed in its bylaws.

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**JAFCO CHILDREN'S FOUNDATION, INC.
JEWISH ADOPTION AND FOSTER CARE OPTIONS, INC.
JAFCO CHILDREN'S ABILITY CENTER, INC.
JAFCO-JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)

The JAFCO Children's Ability Center, Inc. (aka JAFCO Respite and Family Resource Center for Children with Developmental Disabilities) was incorporated in March 2012 under the laws of the State of Florida as a not-for-profit voluntary agency exempt from income taxes under the Internal Revenue Code. At inception, the Organization received a ruling from the Internal Revenue Service (IRS) that it is a tax-exempt entity under Section 501{c}{3} of the Internal Revenue Code.

The JAFCO Children's Ability Center, Inc. is licensed by the Florida Department of Children and Families and contracted with ChildNet to provide family enrichment, resources and respite care to families (from Broward, Dade and Palm Beach) raising a child (age birth to 22) with a developmental disability (including Autism, Cerebral Palsy, Spina Bifida, Intellectual Disabilities and Prader Willi) including the following services:

- Family support/Case Management and Referral/Crisis Support
- Respite Care/Day, Overnight, Weekend and Extended Respite
- Parent Education and Training
- Life Skills and Social Skills Training
- Social activities for parents and children
- 24-hour on-call crisis support for families
- Day and overnight summer camp, winter camp, spring break camp and gap camps
- After school and weekend enrichment activities for children
- Support Groups
- **Illuminate Event Center** (opening in 2020) will provide employment for young adults with developmental disabilities and revenue for the Ability Center.

Jewish Adoption and Family Care Options, Inc. and the JAFCO Children's Ability Center, Inc. are subject to annual re-licensing by the Florida Department of Children and Families and periodic audits of contracts and funding agreements with the Children's Services Council of Broward County, ChildNet, Inc., Aging and Disability Resource Center of Broward County, Our Kids of Miami, 211 Broward, Medicaid, Broward County Social Services as well as the Council on Accreditation of Rehabilitation Facilities (CARF) which accredits the Group Home and Outpatient Programs under Jewish Adoption and Family Care Options, Inc.

JAFCO CHILDREN'S FOUNDATION, INC.
JEWISH ADOPTION AND FOSTER CARE OPTIONS, INC.
JAFCO CHILDREN'S ABILITY CENTER, INC.
JAFCO-JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)

JAFCO-Jewish Adoption and Family Care Options, Inc. was incorporated in May 2013 under the Commonwealth of Pennsylvania as not-for-profit voluntary agency exempt from income taxes under the Internal Revenue Code (IRS). At inception, the Organization received a ruling from the Internal Revenue Service (IRS) that it is a tax-exempt entity under Section 501{c}{3} of the Internal Revenue Code.

JAFCO-Jewish Adoption and Family Care Options, Inc. is licensed by the Pennsylvania Department of Human Services to be able to provide foster care and adoption services in the Greater Philadelphia area. JAFCO-Jewish Adoption and Family Care Options, Inc. [PA] currently provides an entire continuum of programs and services for at-risk children and those with developmental disabilities and their families including the following:

- Family Preservation/Case Management Services for at risk children and families
- In home support services
- 24-hour on-call crisis support for families
- Supervised Visitation as ordered by the court
- Support groups for parents and siblings of children with developmental disabilities
- Social and life skills training for children with developmental disabilities

JAFCO-Jewish Adoption and Family Care Options, Inc. is re-licensed and audited by the Pennsylvania Department of Human Services on an annual basis.

Estimates and Assumptions

In preparing the financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities in addition to disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

Revenue Recognition and Net Assets

Transfers of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions. Contributions may either be conditional or unconditional.

JAFCO CHILDREN'S FOUNDATION, INC.
JEWISH ADOPTION AND FOSTER CARE OPTIONS, INC.
JAFCO CHILDREN'S ABILITY CENTER, INC.
JAFCO-JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)

Revenue Recognition and Net Assets (Continued)

A contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the Agency fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets, but are less specific than donor-imposed conditions. Net assets incorporating contributions with or without donor restrictions are defined as follows:

Net Assets with Donor Restrictions consist of contributions and other inflows of assets whose use is subject to donor-imposed restrictions that are more specific than broad limits reflecting the nature of the not-for-profit entity, the environment in which it operates and the purposes specified in its articles of incorporation or bylaws or comparable documents. Donor-imposed restrictions may be temporary in nature, such as stipulating that resources may be used only after a specified date or limited to specific programs or services. Certain donor-imposed restrictions are perpetual in nature.

Net Assets without Donor Restrictions consist of contributions and other inflows of assets whose use is not subject to donor-imposed restrictions. This net asset category includes both contributions not subject to donor restrictions and exchange transactions, such as program service fees and participants' share of room and board.

The Agency receives grants from a number of sources including private foundations and other donors. Grants are evaluated as to whether they qualify as exchange transactions or contributions as defined by accounting principles generally accepted in the United States of America ("U.S. GAAP").

Reciprocal transfers in which each party receives and sacrifices goods or services with approximate commensurate value are recognized as exchange transactions. The Agency adopted Accounting Standards Codification Topic 606, Revenue from Contracts with Customers on January 1, 2019 using the modified retrospective method applied to all contracts not completed as of the date of the adoption. The Agency applies Topic 606 to exchange transactions in which it receives consideration from individuals primarily for attendance to the Agency's fundraising events. Under U.S. GAAP, these arrangements are exchange transactions between the Agency and the individuals attending the Agency's events.

**JAFCO CHILDREN'S FOUNDATION, INC.
JEWISH ADOPTION AND FOSTER CARE OPTIONS, INC.
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JAFCO-JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED DECEMBER 31, 2019**

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NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)

Revenue Recognition and Net Assets (Continued)

Fundraising event revenue is generally recorded as revenue in the period in which the event takes place, which is accounted for as a single performance obligation. Any fees paid in advance are deferred and recognized as income in the period in which the occurs.

Cash and Cash Equivalents

For purposes of the combined statement of activities and the combined statement of cash flows, the Organizations consider all highly liquid investments available for current use to be cash equivalents.

Property, Furniture and Equipment

Property, furniture and equipment are recorded at cost and are depreciated using the straight-line method over its estimated useful life.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with "U.S. GAAP".

Income Taxes

The Organizations are not-for-profit organizations exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and they each file separate tax returns.

The Organizations recognize and measure tax positions based on their technical merit and assess the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively. The U.S. Federal jurisdiction is the major tax jurisdiction where the Organizations file their separate informational tax returns. The Organizations are generally no longer subject to U.S. Federal examinations by tax authorities for years before 2016.

Liquidity Management and Availability of Resources

The Agency maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Agency invests cash in excess of weekly requirements in cash equivalents, which are highly liquid investments with an initial maturity of three months or less. The Agency has minimum monthly operating cash requirements of approximately \$850,000 to finance its operations.

JAFCO CHILDREN'S FOUNDATION, INC.
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JAFCO-JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED DECEMBER 31, 2019

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NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)

Liquidity Management and Availability of Resources (Cont'd)

The Agency's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 9,134,128
Investments	2,816,789
Contributions receivable	<u>2,576,168</u>
 Total financial assets available to management for general expenditures within one year	 <u>\$ 14,527,085</u>

Investments and Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The accounting standards codification establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable inputs to be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Agency. Unobservable inputs reflect the Agency's assumption about inputs that market participants would use at the measurement date. The fair value hierarchy is categorized into: Level 1 - Valuation based on quoted prices in active markets for identical assets or liabilities that the Agency has the ability to access. As of December 31, 2019, all of the Agency's investments are classified as Level 1.

Adopted Accounting Pronouncements:

Accounting Guidance for Contributions Received and Contributions Made

During the year ended December 31, 2019, the Agency adopted Accounting Standards Update 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The update provides guidance in evaluating whether transactions should be accounted for as contributions or as an exchange transaction and determining whether a contribution is conditional or not. The adoption of this update had no effect on the Agency's financial position and changes in net assets.

JAFCO CHILDREN'S FOUNDATION, INC.
JEWISH ADOPTION AND FOSTER CARE OPTIONS, INC.
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JAFCO-JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from Contracts with Customers

The Agency adopted Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* ("Topic 606"), beginning January 1, 2019, using the cumulative-effect adoption method. Under Topic 606, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. In addition, the update requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Agency determined that the adoption of Topic 606 did not have a material effect on beginning net asset balances because revenue is recognized as services are provided under both the current and prior accounting rules and as such no cumulative-effect adjustment in net assets was recorded as result of the adoption of Topic 606.

NOTE B – SUPPORT AND REVENUE

Contributions receivable from the Godparent program, Children's Ability Center, Circle of Hope, Silver heart and others are promises to give \$11,605,581 over the next ten years and are approximately as follows:

2020	\$ 2,576,000
2021	1,823,000
2022	1,691,000
2023	1,529,000
2024 and thereafter	<u>3,987,000</u>
	<u>\$ 11,606,000</u>

NOTE C – PROPERTY, FURNITURE AND EQUIPMENT

Property, furniture and equipment consist of the following:

Children's Ability Center	
land and buildings	\$ 13,176,391
Village land and buildings	6,068,456
Office furniture and equipment	504,662
Children's Ability Center furniture	
and equipment	657,638
Village furniture	212,615
Transportation equipment	<u>244,932</u>
	20,864,694
Less: Accumulated Depreciation	<u>4,726,764</u>
	<u>\$ 16,137,930</u>

Depreciation Expense for 2019 was \$518,622.

JAFCO CHILDREN'S FOUNDATION, INC.
JEWISH ADOPTION AND FOSTER CARE OPTIONS, INC.
JAFCO CHILDREN'S ABILITY CENTER, INC.
JAFCO-JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED DECEMBER 31, 2019

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NOTE C – PROPERTY, FURNITURE AND EQUIPMENT (Continued)

In 2018, the Agency started the construction of the ballroom, known as illuminate Event Center, in the JAFCO Children's Ability Center. The balance of \$13,176,391 in the Children's Ability Center land and buildings, includes \$2,169,115 of construction in progress. The Ballroom received a temporary certificate of occupancy in March 2020 and is schedule to complete and receive final certificate of occupancy by July 2020.

NOTE D – RETIREMENT PLAN

Jewish Adoption and Foster Care Options, Inc. has a defined contribution pension plan under 403(b) of the Internal Revenue Code. The plan requires contributions by the Organization and contributions by participants through payroll withholding to eligible employees. The Organization's contribution to the plan in 2019 was \$39,677.

NOTE E – SUBSEQUENT EVENT

In March 2020, infections of the coronavirus ("COVID-19") had become pandemic with persons testing positive in all fifty states and the District of Columbia. With the possibility of widespread infection in the United States and abroad, national, state and local authorities have recommended social distancing and imposed or are considering quarantine and isolation measures on large portions of the population, including mandatory business closures. The Agency has been classified as an essential business in jurisdictions that have implemented quarantines to date, which has allowed the Agency to remain open. Other economic effects of the COVID-19 pandemic are difficult to predict and may adversely impact the results of operations or business condition.

On April 28, 2020, the Agency executed a loan of approximately \$1.5 million under the Paycheck Protection Program ("PPP") authorized by the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") that was signed into law on March 27, 2020. The loan begins accruing interest at a rate of 1.00% on the effective date. Principal payments are due in equal monthly installments commencing October 28, 2020. Under the PPP, loan funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent, and utility costs and if the Agency retains employees during a specified period. Management estimates that a significant portion of the loan funds will be eligible for forgiveness.

SUPPLEMENTAL INFORMATION

JAFCO CHILDREN'S FOUNDATION, INC.
JEWISH ADOPTION & FOSTER CARE OPTIONS, INC.
JAFCO CHILDREN'S ABILITY CENTER, INC.
JAFCO-JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.

FOR THE YEAR ENDED DECEMBER 31, 2019

JAFKO CHILDREN'S FOUNDATION, INC.
JEWISH ADOPTION AND FOSTER CARE OPTIONS, INC.
JAFKO CHILDREN'S ABILITY CENTER, INC.
JAFKO-JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.
STATEMENTS OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019

	JAFKO CHILDREN'S FOUNDATION, INC.	JEWISH ADOPTION AND FOSTER CARE OPTIONS, INC.	JAFKO CHILDREN'S ABILITY CENTER, INC.	JAFKO-JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.	ELIMINATION	COMBINED
ASSETS						
Cash and cash equivalents	\$ 8,646,789	\$ 268,728	\$ 133,181	\$ 85,430		\$ 9,134,128
Investments for current use	2,816,789	-	-	-		2,816,789
Contributions and other receivable:						
Godparent program	7,227,144	-	-	-		7,227,144
Children's ability center	1,365,828	-	-	-		1,365,828
Circle of hope	1,598,327	-	-	-		1,598,327
Silver heart	229,306	-	-	-		229,306
Village	336,785	-	-	-		336,785
Other	89,711	372,888	385,592	-		848,191
Less: non-current portion	(10,847,101)	372,888	385,592	-		(9,029,413)
Contributions and other receivable, net-current	1,817,688	372,888	385,592	-		2,576,168
Prepaid Expenses	112,627	58,668	8,320	16,590		196,205
Total current assets	13,393,893	700,284	527,093	102,020		14,723,290
Property, furniture and equipment, net of accumulated depreciation of \$4,209,752	15,977,367	86,295	74,263	-		16,137,930
\$307,226, \$9,786 respectively	9,029,413	-	-	-		9,029,413
Contributions and other receivable, net-noncurrent	4,295	-	1,459	2,800		8,554
Deposits	-	-	-	-		-
Due from Jewish Adoption and Foster Care Option	1,371,526	-	-	-	(1,371,526)	-
Due from JAFKO Ability Center, Inc.	-	140,112	-	-	(140,112)	-
	\$ 39,776,494	\$ 926,691	\$ 602,820	\$ 104,820		\$ 39,899,187
LIABILITIES AND NET ASSETS						
LIABILITIES:						
Accounts payable and accrued expenses	\$ 6,034	\$ 27,427	\$ 23,758	\$ 237		\$ 57,456
Deferred income	-	334,430	2,608	244		337,282
Due to JAFKO Children's Foundation, Inc.	-	1,371,526	-	-	(1,371,526)	-
Due to Jewish Adoption & Foster Care Options,	-	-	140,112	-	(140,112)	-
Total Liabilities	6,034	1,733,383	166,478	481		394,738
NET ASSETS:						
Without donor restrictions	9,702,364	(806,692)	436,342	104,339		9,436,351
With donor restrictions	30,068,096	-	-	-		30,068,096
	39,770,460	(806,692)	436,342	104,339		39,504,447
	\$ 39,776,494	\$ 926,691	\$ 602,820	\$ 104,820		\$ 39,899,187

JAFECO CHILDREN'S FOUNDATION, INC.
JEWISH ADOPTION AND FOSTER CARE OPTIONS, INC.
JAFECO CHILDREN'S ABILITY CENTER, INC.
JAFECO-JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	JAFECO CHILDREN'S FOUNDATION, INC.	JEWISH ADOPTION AND FOSTER CARE OPTIONS, INC.	JAFECO CHILDREN'S ABILITY CENTER, INC.	JAFECO-JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.	ELIMINATION	COMBINED
REVENUES, GAINS AND OTHER SUPPORT:						
Government and related funding	\$ -	\$ 2,438,984	\$ -	\$ -	\$ -	\$ 2,438,984
Grants and private foundations	4,367,730	45,000	2,735,104	-	-	7,147,834
Donations	347,209	573,384	198,836	203,432	-	1,322,861
Fundraising events	-	1,848,214	291,776	384,860	-	2,524,850
Client fees	-	-	154,815	-	-	154,815
Investment return	650,319	-	-	-	-	650,319
Private foundations and Major donations	798,999	-	-	-	-	798,999
Interest and dividends	365,061	-	-	-	-	365,061
Gain from sale of assets	-	24,006	-	-	-	24,006
JAFECO Children's Foundation, Inc.	-	1,450,000	-	-	(1,450,000)	-
JAFECO Children's Foundation, Inc.	-	-	700,000	-	(700,000)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	6,529,318	6,379,588	4,080,531	588,292	-	15,427,729
EXPENSES:						
Functional and Fundraising expenses	1,072,700	6,115,919	4,028,195	603,919	(1,450,000)	11,820,733
Jewish Adoption and Foster Care Options, Inc.	1,450,000	-	-	-	(1,450,000)	-
JAFECO Ability Center, Inc.	700,000	-	-	-	(700,000)	-
TOTAL EXPENSES	3,222,700	6,115,919	4,028,195	603,919	-	11,820,733
CHANGE IN NET ASSETS	3,306,618	263,669	52,336	(15,627)	-	3,606,996
NET ASSETS AT BEGINNING OF YEAR	36,463,840	(1,070,361)	384,006	119,966	-	35,897,448
NET ASSETS AT END OF YEAR	<u>\$ 39,770,458</u>	<u>\$ (806,692)</u>	<u>\$ 436,342</u>	<u>\$ 104,339</u>	<u>\$ -</u>	<u>\$ 39,504,444</u>

**JAFKO CHILDREN'S FOUNDATION, INC.
 JEWISH ADOPTION AND FOSTER CARE OPTIONS, INC.
 JAFKO CHILDREN'S ABILITY CENTER, INC.
 JAFKO-JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>JAFKO CHILDREN'S FOUNDATION, INC.</u>	<u>JEWISH ADOPTION AND FOSTER CARE OPTIONS, INC.</u>	<u>JAFKO CHILDREN'S ABILITY CENTER, INC.</u>	<u>JAFKO-JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.</u>	<u>COMBINED</u>
Salaries and related expenses	\$ -	\$ 4,147,949	\$ 3,363,369	\$ 397,258	\$ 7,908,576
Client living expenses		391,673	-	-	391,673
Depreciation	461,154	49,104	8,364	-	518,622
Residential expenses	-	250,413	131,084	-	381,497
Fundraising expenses	64,180	200,062	23,266	28,881	316,389
Facilities expenses	114,554	223,145	165,909	3,019	506,627
Insurance	78,109	136,381	84,238	22,967	321,695
Telephone and utilities	-	202,783	121,775	14,502	339,060
Office supplies and expenses	-	159,523	44,281	18,977	222,781
Professional fees	317,028	86,696	34,758	60,792	499,274
Rent	-	87,780	-	33,600	121,380
License and fees	1,200	13,903	1,128	623	16,854
Transportation and travel	-	75,937	18,041	12,083	106,061
Training, screening and fees	-	57,699	21,988	4,525	84,212
Credit card charges	36,475	32,871	9,994	6,692	86,032
	<u>\$ 1,072,700</u>	<u>\$ 6,115,919</u>	<u>\$ 4,028,195</u>	<u>\$ 603,919</u>	<u>\$ 11,820,733</u>

JAFCO CHILDREN'S FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

18

ASSETS

Cash and cash equivalents	\$ 8,646,789
Investments, at market value	2,816,789
Contributions and Other Receivable:	
Godparent program	7,227,144
Children's ability center	1,365,828
Circle of hope	1,598,327
Silver heart	229,306
Village	336,785
Other	89,711
	10,847,101
Less: non-current portion	(9,029,413)
Contributions and Other Receivable, net current	1,817,688
Prepaid Expenses	112,627
Total current assets	13,393,893
Property, furniture and equipment, net of accumulated depreciation of \$4,209,752	15,977,367
Contributions and Other Receivable, net non-current	9,029,413
Deposits	4,295
Due from Jewish Adoption and Foster Care Options, Inc.	1,371,526
	\$ 39,776,494

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable and accrued liabilities	\$ 6,034
	6,034
NET ASSETS:	
Without donor restrictions	\$ 9,702,364
With donor restrictions	30,068,096
	39,770,460
	\$ 39,776,494

JAFCO CHILDREN'S FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

19

REVENUES, GAINS AND OTHER SUPPORT:		
Contributions	\$ 4,367,730	
Other donations	347,209	
Investment return	650,319	
Private foundations and Major donations	798,999	
Interest, dividends and gains	<u>365,061</u>	
 TOTAL REVENUES, GAINS AND OTHER SUPPORT		\$ 6,529,318
 EXPENSES:		
Functional expenses	1,072,700	
Jewish Adoption and Foster Care Options, Inc.	1,450,000	
JAFCO Children's Ability Center, Inc.	<u>700,000</u>	
 TOTAL EXPENSES		<u>3,222,700</u>
 CHANGE IN NET ASSETS		3,306,618
 NET ASSETS AT BEGINNING OF YEAR		<u>36,463,842</u>
 NET ASSETS AT END OF YEAR		<u>\$ 39,770,460</u>

**JAFCO CHILDREN'S FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

20

Depreciation	\$ 461,154
Professional fees	317,028
Maintenance expense	114,554
Insurance	78,109
Fundraising expenses	64,180
Credit card charges	36,475
License and fees	<u>1,200</u>
	<u>\$ 1,072,700</u>

JEWISH ADOPTION AND FOSTER CARE OPTIONS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

21

ASSETS

Cash	\$ 268,728
Other Receivable-current	372,888
Prepaid Expenses	58,668
Total current assets	<u>700,284</u>
Furniture and equipment, net of accumulated depreciation of \$507,226	86,295
Due from JAFCO Ability Center, Inc.	<u>140,112</u>
	<u><u>\$ 926,691</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable and accrued expenses	\$ 27,427
Deferred income	334,430
Total Current Liabilities	<u>361,857</u>
Due to JAFCO Children's Foundation, Inc.	<u>1,371,526</u>
TOTAL LIABILITIES	1,733,383
NET ASSETS:	
Without donor restrictions	(806,692)
	<u><u>\$ 926,691</u></u>

JEWISH ADOPTION AND FOSTER CARE OPTIONS, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

22

REVENUES, GAINS AND OTHER SUPPORT:		
Government and related funding	\$ 2,438,984	
Grants and private foundations	45,000	
Donations	573,384	
Fundraising events	1,848,214	
JAFCO Children's Foundation, Inc.	1,450,000	
Gain from sale of assets	<u>24,006</u>	
 TOTAL REVENUES, GAINS AND OTHER SUPPORT		 \$ 6,379,588
 EXPENSES:		
Functional expenses	5,915,857	
Fundraising expenses	<u>200,062</u>	
 TOTAL EXPENSES		 <u>6,115,919</u>
 CHANGE IN NET ASSETS		 263,669
 NET ASSETS AT BEGINNING OF YEAR		 <u>(1,070,361)</u>
 NET ASSETS AT END OF YEAR		 <u><u>\$ (806,692)</u></u>

JEWISH ADOPTION AND FOSTER CARE OPTIONS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

23

Salaries and related expenses	\$ 4,147,949
Client living expenses	391,673
Residential expenses	250,413
Facilities expenses	223,145
Telephone and utilities	202,783
Office supplies and expenses	159,523
Insurance	136,381
Rent	87,780
Professional fees	86,696
Transportation and travel	75,937
Training, screening and fees	57,699
Depreciation	49,104
Credit card charges	32,871
License and fees	<u>13,903</u>
	<u><u>\$ 5,915,857</u></u>

JAFCO CHILDREN'S ABILITY CENTER, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

24

ASSETS

Cash	\$ 133,181
Other receivable-current	385,592
Prepaid expenses	8,320
Total current assets	<u>527,093</u>
Furniture and equipment, net of accumulated depreciation of \$9,786	74,268
Deposits	1,459
	<u><u>\$ 602,820</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable and accrued liabilities	\$ 23,758
Deferred income	2,608
Total Current Liabilities	<u>26,366</u>
Due to Jewish Adoption and Foster Care Options, Inc.	140,112
NET ASSETS:	
Without donor restrictions	436,342
	<u><u>\$ 602,820</u></u>

JAFCO CHILDREN'S ABILITY CENTER, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

25

REVENUES, GAINS AND OTHER SUPPORT:		
Grants and private foundations	\$ 2,735,104	
Donations	198,836	
Client fees	154,815	
Fundraising events	291,776	
JAFCO Children's Foundation, Inc.	<u>700,000</u>	
 TOTAL REVENUES, GAINS AND OTHER SUPPORT		 \$ 4,080,531
 EXPENSES:		
Functional expenses	4,004,929	
Fundraising expenses	<u>23,266</u>	
 TOTAL EXPENSES		 <u>4,028,195</u>
 CHANGE IN NET ASSETS		 52,336
 NET ASSETS AT BEGINNING OF YEAR		 <u>384,006</u>
 NET ASSETS AT END OF YEAR		 <u><u>\$ 436,342</u></u>

**JAFCO CHILDREN'S ABILITY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

26

Salaries and related expenses	\$ 3,363,369
Facilities expenses	165,909
Residential expenses	131,084
Telephone and utilities	121,775
Insurance	84,238
Office supplies and expenses	44,281
Professional fees	34,758
Training, screening and fees	21,988
Transportation and travel	18,041
Credit card charges	9,994
Depreciation	8,364
License and fees	<u>1,128</u>
	<u>\$ 4,004,929</u>

JAFCO-JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

27

ASSETS

Cash	\$ 85,430
Prepaid expenses	16,590
Total current assets	<u>102,020</u>
Security deposit	2,800
	<u> </u>
	<u><u>\$ 104,820</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES:	
Accounts payable	\$ 237
Deferred revenue	244
Total current liabilities	<u>481</u>
NET ASSETS:	
Without donor restrictions	104,339
	<u> </u>
	<u><u>\$ 104,820</u></u>

JAFCO-JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

28

REVENUES, GAINS AND OTHER SUPPORT:		
Donations	\$ 203,432	
Fundraising events	<u>384,860</u>	
 TOTAL REVENUES, GAINS AND OTHER SUPPORT		 \$ 588,292
 EXPENSES:		
Functional expenses	575,038	
Fundraising expenses	<u>28,881</u>	
 TOTAL EXPENSES		 <u>603,919</u>
 CHANGE IN NET ASSETS		 (15,627)
 NET ASSETS AT BEGINNING OF YEAR		 <u>119,966</u>
 NET ASSETS AT END OF YEAR		 <u><u>\$ 104,339</u></u>

JAFCO-JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

29

Salaries and related expenses	\$ 397,258
Professional fees	60,792
Rent	33,600
Insurance	22,967
Office supplies and expenses	18,977
Telephone and utilities	14,502
Transportation and travel	12,083
Credit card fees	6,692
Training, screening and fees	4,525
Support services	3,019
License and fees	<u>623</u>
	<u><u>\$ 575,038</u></u>

**Independent Auditor's 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***



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**Independent Auditor's 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 Boards of Trustees
JAFCO Children's Foundation, Inc.
Jewish Adoption and Foster Care Options, Inc.
JAFCO Children's Ability Center, Inc.
JAFCO –Jewish Adoption and Family Care Options, Inc.
Sunrise, Florida

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 JAFCO Children's Foundation, Inc., Jewish Adoption and Foster Care Options, Inc., JAFCO Children's Ability Center, Inc. and JAFCO-Jewish Adoption and Family Care Options, Inc. (nonprofit organizations) (the "Agency"), which comprise the combined statement of financial position as of December 31, 2019, and the related combined statements of activities and changes in net assets, combined statement of cash flows, combined statement of functional expense, and the related notes to the combined financial statements, and have issued our report thereon dated May 5, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Agency'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 the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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.

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JAFCO Children's Foundation, Inc.

Jewish Adoption and Foster Care Options, Inc.

JAFCO Children's Ability Center, Inc.

JAFCO-Jewish Adoption and Family Care Options, Inc.

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 Agency's combined 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.

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

Ari G. Jaykem & Company, CPAs

May 5, 2020

Coral Springs, Florida