

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, 2018

**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, 2018**

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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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7880 N. UNIVERSITY DRIVE #201
TAMARAC, FLORIDA 33321
TEL: (954) 722-9250
FAX: (954) 726-6715
email:arie@taykancpa.com

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, 2018, and the related combined statements of activities, 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. 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.

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.

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, 2018, and the combined changes in their net assets and 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 3, 2019, 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.

A handwritten signature in black ink that reads "Ari G. Jaykan, CPA". The signature is written in a cursive style and is positioned above the date and location information.

May 3, 2019
Tamarac, 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, 2018**

ASSETS

Cash and cash equivalents	\$ 8,722,084
Investments for current use	2,784,578
Contributions and other receivable:	
Godparent program	6,868,832
Children's Ability Center	962,017
Circle of Hope	1,478,454
Silver Heart	175,256
Other	633,808
	<u>10,118,367</u>
Less: non-current portion	(8,105,367)
Contributions and other receivable, net-current	<u>2,013,000</u>
Prepaid Expenses	<u>265,765</u>
Total current assets	13,785,427
Property, furniture and equipment, net of accumulated depreciation of \$4,334,912	14,456,274
Contributions receivable, net-noncurrent	8,105,367
Deposits	8,554
Total assets	<u><u>\$ 36,355,622</u></u>

LIABILITIES

Accounts payable and accrued expenses	\$ 73,272
Deferred revenue	384,899
Total current liabilities	<u>458,171</u>

NET ASSETS

Without donor restrictions	\$ 11,057,045
With donor restrictions	24,840,406
Total net assets	<u>35,897,451</u>
Total liabilities and net assets	<u><u>\$ 36,355,622</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
 FOR THE YEAR ENDED DECEMBER 31, 2018**

	NET ASSETS WITHOUT DONOR <u>RESTRICTIONS</u>	NET ASSETS WITH DONOR <u>RESTRICTIONS</u>	<u>TOTAL</u>
REVENUES			
Contributions	\$ 1,397,427	\$ -	\$ 1,397,427
Grants and private foundations	-	8,518,552	8,518,552
Donations	1,337,080	-	1,337,080
Fundraising events	2,403,626	-	2,403,626
Client fees	115,846	-	115,846
Investment return	(314,454)	-	(314,454)
Private foundations and major donations	536,808	-	536,808
Interest and dividends	365,807	-	365,807
Restrictions satisfied by payments	2,115,552	(2,115,552)	-
	<u>7,957,692</u>	<u>6,403,000</u>	<u>14,360,692</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT			
	<u>7,957,692</u>	<u>6,403,000</u>	<u>14,360,692</u>
EXPENSES:			
Program	8,495,264	-	8,495,264
Management and general	955,699	-	955,699
Fundraising	1,297,575	-	1,297,575
	<u>10,748,538</u>	<u>-</u>	<u>10,748,538</u>
TOTAL EXPENSES			
	<u>10,748,538</u>	<u>-</u>	<u>10,748,538</u>
CHANGE IN NET ASSETS	(2,790,846)	6,403,000	3,612,154
NET ASSETS AT BEGINNING OF YEAR	<u>13,847,891</u>	<u>18,437,406</u>	<u>32,285,297</u>
NET ASSETS AT END OF YEAR	<u>\$ 11,057,045</u>	<u>\$ 24,840,406</u>	<u>\$ 35,897,451</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, 2018**

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries and related expenses	\$ 5,823,364	\$ 718,934	\$ 647,040	\$ 7,189,338
Client living expenses	448,623	-	-	448,623
Depreciation	426,938	50,228	25,114	502,280
Residential expenses	318,308	-	-	318,308
Fundraising expenses	-	-	401,081	401,081
Facilities expenses	619,841	-	-	619,841
Insurance	207,770	51,942	-	259,712
Telephone and utilities	224,221	28,028	28,028	280,277
Office supplies and expenses	55,619	46,350	83,429	185,398
Professional fees	151,669	37,917	-	189,586
Rent	25,200	8,400	-	33,600
License and fees	32,221	-	-	32,221
Transportation and travel	80,831	5,052	15,156	101,039
Training, screening and fees	70,784	8,848	8,848	88,480
Credit card charges	9,875	-	88,879	98,754
	<u>\$ 8,495,264</u>	<u>\$ 955,699</u>	<u>\$ 1,297,575</u>	<u>\$ 10,748,538</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, 2018**

OPERATING ACTIVITIES:

Increase in net assets	\$ 3,612,154
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	502,280
Unrealized loss on investments	314,454
Changes in operating assets and liabilities:	
Increase in contributions and other receivables	(679,530)
Increase in prepaid expenses	(67,839)
Decrease in accounts payable and accrued expenses	(79,358)
Increase in deferred revenue	132,105
	<hr/>
Net Cash Provided by Operating Activities	\$ 3,734,266

INVESTING ACTIVITIES:

Net Increase in investments	(259,117)
Purchase of furniture and equipment	(340,302)
collection of deposit	1,500
	<hr/>
Net Cash Used By Investing Activities	(597,919)

FINANCING ACTIVITIES

	-
	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,136,347
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<hr/>5,585,737
CASH AND CASH EQUIVALENTS AT END OF YEAR	<hr/><hr/>\$ 8,722,084

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 Foster Care Options, Inc. (aka JAFCO, Jewish Adoption and Family Care Options) 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 Foster Care Options, Inc. (in South Florida) is licensed by the Florida Department of Children and Families to provide foster care and adoption services in Miami-Dade, Broward and Palm Beach counties. Jewish Adoption and Foster Care Options, Inc. currently provides an entire continuum of programs and services for abused and neglected children and those with developmental disabilities and their families including the following:

- Family Preservation/Case Management 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
- Group Home
- Independent Living

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.

**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, 2018**

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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 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 Family and provides family enrichment, resources and respite care to families 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:

- Support Groups
- Respite Care/Day and Overnight Respite
- Parent Education and Training
- Life Skills and Social Skills Training
- Social activities for parents and children
- Family support/case management
- 24 hour on-call crisis support for families
- Day and overnight summer camp
- After school activities for children

JAFCO-Jewish Adoption and Family Care Options, Inc. (in PA) was incorporated in May 2013 as a 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 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, 2018

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

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

- Family Preservation/Case Management Services
- Foster/Adoptive Parent Recruitment, Training and Licensing/Home study
- Foster Care Placement, Supervision and Support
- Adoption Placement and Post Adoption Support Services
- Supervised Visitation
- Case management and support groups for parents and siblings of children with developmental disabilities
- Social and life skills training for children with developmental disabilities
- Respite care for children with developmental disabilities

Jewish Adoption and Family Care Options, Inc. and the JAFCO Children's Ability Center, Inc. are subject to periodic audit by the Florida Department of Children and Families, Children's Services Council of Broward County, ChildNet, Inc., Aging & Disability Resource Center of Broward County, Our Kids of Miami, Medicaid, Broward County Social Services as well as the Council on Accreditation of Rehabilitation Facilities (CARF). JAFCO-Jewish Adoption and Family Care Options, Inc. is licensed and audited by the Pennsylvania Department of Human Services on an annual basis.

JAFCO Children's Ability Center, Inc. has an agreement with Broward County where JAFCO will provide Out-of-Home Respite Services and Case Management to parent/caregivers of children with Developmental Disabilities, including those attributable to intellectual disabilities. JAFCO shall provide a brief period of rest or relief for parents/caregivers to assist in reduction of stress associated with caring for a child with Special Needs and shall provide case management services relating to respite services.

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, 2018

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

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. Reciprocal transfers in which each party receives and sacrifices goods or services with approximate commensurate value are recognized as exchange transactions.

Contributions may either be conditional or unconditional. 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.

**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, 2018**

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

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 accounting principles generally accepted in the United States of America ("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.

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.
 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, 2018**

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	\$	8,722,084
Investments		2,784,578
Accounts receivable		<u>2,013,000</u>
 Total financial assets due within one year		 13,519,662
 Less: amounts unavailable for general expenditures		
Within one year due to:		
Restricted by donors with purpose restrictions		-0-
 Less: amounts unavailable to management without		
Board approval		<u>-0-</u>
 Total financial assets available to management		
for general expenditures within one year	\$	<u>13,519,662</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, 2018, all of the Agency's investments are classified as Level 1.

Subsequent Events

The Agency has evaluated subsequent events through May 3, 2019, which is the date the combined financial statements were available to be issued.

**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, 2018**

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

Adopted Accounting Pronouncement: Presentation of Financial Statements of Not-for-Profit Entities

During the year ended December 31, 2018, the Agency adopted Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update amends the current reporting model for not-for-profit organizations and enhances their required disclosures. The major changes include, but are not limited to: (a) requiring the presentation of two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions,” (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations on gifts used to acquire or construct long-lived assets absent explicit donor restrictions otherwise, (d) requiring the presentation of an analysis of expenses by function and nature, (e) requiring the disclosure of information regarding liquidity and availability of resources, and (f) presenting investment return net of external and direct internal investment expenses. In addition, the update removes the requirement that statements of cash flows using the direct method also present a reconciliation consistent with the indirect method. The Agency has applied the update retrospectively to all periods presented and adjusted the presentation of these combined financial statements accordingly. The adoption of this update has no other material effect on the Agency’s financial position and changes in net assets.

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 \$10,118,367 over the next ten years and are approximately as follows:

2019	\$ 2,013,000
2020	1,505,000
2021	1,370,000
2022	1,240,000
2023 and thereafter	<u>3,990,000</u>
	<u>\$ 10,118,000</u>

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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, 2018

NOTE C – PROPERTY, FURNITURE AND EQUIPMENT

Property, furniture and equipment consist of the following:

Children's Ability Center	
land and buildings	\$ 11,408,311
Village land and buildings	6,068,456
Office furniture and equipment	419,897
Children's Ability Center furniture and equipment	436,891
Village furniture	186,980
Transportation equipment	<u>270,651</u>
	18,791,186
Less: Accumulated Depreciation	<u>4,334,912</u>
	<u>\$ 14,456,274</u>

Depreciation Expense for 2018 was \$502,280.

In 2018, the Agency started the construction of the ballroom in the JAFCO Children's Ability Center, Inc. The balance of \$11,408,311 in the Children's Ability Center land and buildings, includes \$202,394 of construction in progress. The Ballroom is scheduled to be completed in 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 2018 was \$38,564.

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, 2018

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, 2018

	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	\$ 8,123,311	\$ 455,615	\$ 30,954	\$ 112,204	\$ -	\$ 8,722,084
Investments for current use	2,784,578	-	-	-	-	2,784,578
Contributions and other receivable:						
Godparent program	6,868,832	-	-	-	-	6,868,832
Children's ability center	962,017	-	-	-	-	962,017
Circle of hope	1,478,454	-	-	-	-	1,478,454
Silver heart	175,256	-	-	-	-	175,256
Other	145,957	145,399	342,452	-	-	633,808
	9,630,516	145,399	342,452	-	-	10,118,367
Less: non-current portion	(8,105,367)	-	-	-	-	(8,105,367)
Contributions and other receivable, net-current	1,525,149	145,399	342,452	-	-	2,013,000
Prepaid Expenses	170,829	70,429	19,545	4,962	-	265,765
Total current assets	12,603,867	671,443	392,951	117,166	-	13,785,427
Property, furniture and equipment, net of accumulated depreciation of \$3,748,598, \$584,892, \$1,422 respectively	14,378,785	60,007	17,482	-	-	14,456,274
Contributions and other receivable, net-noncurrent	8,105,367	-	-	-	-	8,105,367
Deposits	4,295	-	1,459	2,800	-	8,554
Due from Jewish Adoption and Foster Care Option:	1,371,526	-	-	-	(1,371,526)	-
	\$ 36,463,840	\$ 731,450	\$ 411,892	\$ 119,966	\$ -	\$ 36,355,622
LIABILITIES AND NET ASSETS						
LIABILITIES:						
Accounts payable and accrued expenses	\$ -	\$ 57,694	\$ 15,578	\$ -	\$ -	\$ 73,272
Deferred income	-	372,591	12,308	-	-	384,899
Due to JAFKO Children's Foundation, Inc.	-	1,371,526	-	-	(1,371,526)	-
Total Liabilities	-	1,801,811	27,886	-	-	458,171
NET ASSETS:						
Without donor restrictions	11,623,434	(1,070,361)	384,006	119,966	-	11,057,045
With donor restrictions	24,840,406	-	-	-	-	24,840,406
	36,463,840	(1,070,361)	384,006	119,966	-	35,897,451
	\$ 36,463,840	\$ 731,450	\$ 411,892	\$ 119,966	\$ -	\$ 36,355,622

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 ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2018

	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
REVENUES, GAINS AND OTHER SUPPORT:						
Government and related funding	\$ -	\$ 1,397,427	\$ -	\$ -	\$ -	\$ 1,397,427
Grants and private foundations	6,127,860	95,000	2,295,692	-	-	8,518,552
Donations	267,943	680,334	244,156	144,647	-	1,337,080
Fundraising events	-	1,829,799	244,044	329,783	-	2,403,626
Client fees	-	-	115,846	-	-	115,846
Investment return	(314,454)	-	-	-	-	(314,454)
Private foundations and Major donations	536,808	-	-	-	-	536,808
Interest and dividends	365,807	-	-	-	-	365,807
JAFKO Children's Foundation, Inc.	-	1,450,000	-	-	(1,450,000)	-
JAFKO Children's Foundation, Inc.	-	-	600,000	-	(600,000)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	6,983,964	5,452,560	3,499,738	474,430		14,360,692
EXPENSES:						
Functional and Fundraising expenses	1,178,944	5,545,838	3,472,264	551,492	-	10,748,538
Jewish Adoption and Foster Care Options, Inc.	1,450,000	-	-	-	(1,450,000)	-
JAFKO Ability Center, Inc.	600,000	-	-	-	(600,000)	-
TOTAL EXPENSES	3,228,944	5,545,838	3,472,264	551,492		10,748,538
CHANGE IN NET ASSETS	3,755,020	(93,278)	27,474	(77,062)		3,612,154
NET ASSETS AT BEGINNING OF YEAR	32,708,820	(977,083)	356,532	197,028		32,285,297
NET ASSETS AT END OF YEAR	\$ 36,463,840	\$ (1,070,361)	\$ 384,006	\$ 119,966		\$ 35,897,448

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, 2018

	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.	COMBINED
Salaries and related expenses	\$ -	\$ 3,899,660	\$ 2,900,598	\$ 389,080	\$ 7,189,338
Client living expenses	120,000	328,623	-	-	448,623
Depreciation	446,053	54,805	1,422	-	502,280
Residential expenses	-	210,103	108,205	-	318,308
Fundraising expenses	106,177	234,632	24,676	35,596	401,081
Facilities expenses	288,969	185,450	142,423	2,999	619,841
Insurance	73,800	133,396	49,593	2,923	259,712
Telephone and utilities	-	165,908	102,619	11,750	280,277
Office supplies and expenses	-	119,723	47,146	18,529	185,398
Professional fees	97,443	41,814	36,722	13,607	189,586
Rent	-	-	-	33,600	33,600
License and fees	605	12,645	1,871	17,100	32,221
Transportation and travel	-	69,514	19,829	11,696	101,039
Training, screening and fees	-	51,538	28,656	8,286	88,480
Credit card charges	45,897	38,027	8,504	6,326	98,754
	<u>\$ 1,178,944</u>	<u>\$ 5,545,838</u>	<u>\$ 3,472,264</u>	<u>\$ 551,492</u>	<u>\$ 10,748,538</u>

**JAFCO CHILDREN'S FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018**

18

ASSETS

Cash and cash equivalents	\$ 8,123,311
Investments, at market value	2,784,578
Contributions and Other Receivable:	
Godparent program	6,868,832
Children's ability center	962,017
Circle of hope	1,478,454
Silver heart	175,256
Other	145,957
	<u>9,630,516</u>
Less: non-current portion	(8,105,367)
Contributions and Other Receivable, net current	1,525,149
Prepaid Expenses	170,829
Total current assets	<u>12,603,867</u>
Property, furniture and equipment, net of accumulated depreciation of \$3,748,598	14,378,785
Contributions and Other Receivable, net non-current	8,105,367
Deposits	4,295
Due from Jewish Adoption and Foster Care Options, Inc.	1,371,526
	<u>\$ 36,463,840</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	\$ -
--	------

TOTAL CURRENT LIABILITIES -

NET ASSETS:

Without donor restrictions	\$ 11,623,434	
With donor restrictions	24,840,406	
		<u>36,463,840</u>
		<u>\$ 36,463,840</u>

JAFCO CHILDREN'S FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

19

REVENUES, GAINS AND

OTHER SUPPORT:

Contributions	\$ 6,127,860
Other donations	267,943
Investment return	(314,454)
Private foundations and Major donations	536,808
Interest, dividends and gains	<u>365,807</u>

TOTAL REVENUES, GAINS
AND OTHER SUPPORT

\$ 6,983,964

EXPENSES:

Functional expenses	1,178,944
Jewish Adoption and Foster Care Options, Inc.	1,450,000
JAFCO Children's Ability Center, Inc.	<u>600,000</u>

TOTAL EXPENSES

3,228,944

CHANGE IN NET ASSETS

3,755,020

NET ASSETS AT BEGINNING
OF YEAR

32,708,820

NET ASSETS AT END
OF YEAR

\$ 36,463,840

JAFCO CHILDREN'S FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

20

Depreciation	\$ 446,053
Maintenance expense	288,969
Support services	120,000
Fundraising expenses	106,177
Professional fees	97,443
Insurance	73,800
Credit card charges	45,897
License and fees	<u>605</u>
	<u>\$ 1,178,944</u>

JEWISH ADOPTION AND FOSTER CARE OPTIONS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31; 2018

21

ASSETS

Cash	\$ 455,615
Other Receivable-current	145,399
Prepaid Expenses	70,429
Total current assets	<u>671,443</u>
Furniture and equipment, net of accumulated depreciation of \$584,892	60,007
	<u><u>\$ 731,450</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable and accrued expenses	\$ 57,694
Deferred income	<u>372,591</u>
Total Current Liabilities	430,285
Due to JAFCO Children's Foundation, Inc.	<u>1,371,526</u>
TOTAL LIABILITIES	1,801,811
NET ASSETS:	
Without donor restrictions	(1,070,361)
	<u><u>\$ 731,450</u></u>

JEWISH ADOPTION AND FOSTER CARE OPTIONS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

22

REVENUES, GAINS AND OTHER SUPPORT:		
Government and related funding	\$ 1,397,427	
Grants and private foundations	95,000	
Donations	680,334	
Fundraising events	1,829,799	
JAFCO Children's Foundation, Inc.	<u>1,450,000</u>	
 TOTAL REVENUES, GAINS AND OTHER SUPPORT		 \$ 5,452,560
 EXPENSES:		
Functional expenses	5,311,206	
Fundraising expenses	<u>234,632</u>	
 TOTAL EXPENSES		 <u>5,545,838</u>
 CHANGE IN NET ASSETS		 (93,278)
 NET ASSETS AT BEGINNING OF YEAR		 <u>(977,083)</u>
 NET ASSETS AT END OF YEAR		 <u><u>\$ (1,070,361)</u></u>

JEWISH ADOPTION AND FOSTER CARE OPTIONS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

23

Salaries and related expenses	\$ 3,899,660
Client living expenses	328,623
Residential expenses	210,103
Facilities expenses	185,450
Telephone and utilities	165,908
Insurance	133,396
Office supplies and expenses	119,723
Transportation and travel	69,514
Depreciation	54,805
Training, screening and fees	51,538
Professional fees	41,814
Credit card charges	38,027
License and fees	<u>12,645</u>
	<u><u>\$ 5,311,206</u></u>

JAFCO CHILDREN'S ABILITY CENTER, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

24

ASSETS

Cash	\$ 30,954
Other receivable-current	342,452
Prepaid expenses	19,545
Total current assets	<u>392,951</u>
Furniture and equipment, net of accumulated depreciation of \$1,422	17,482
Deposits	1,459
	<u><u>\$ 411,892</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable and accrued liabilities	\$ 15,578
Deferred income	12,308
	<u>27,886</u>
NET ASSETS:	
Without donor restrictions	384,006
	<u><u>\$ 411,892</u></u>

JAFCO CHILDREN'S ABILITY CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

25

REVENUES, GAINS AND

OTHER SUPPORT:

Grants and private foundations	\$ 2,295,692
Donations	244,156
Client fees	115,846
Fundraising events	244,044
JAFCO Children's Foundation, Inc.	<u>600,000</u>

TOTAL REVENUES, GAINS
AND OTHER SUPPORT

\$ 3,499,738

EXPENSES:

Functional expenses	3,447,588
Fundraising expenses	<u>24,676</u>

TOTAL EXPENSES

3,472,264

CHANGE IN NET ASSETS

27,474

NET ASSETS AT BEGINNING
OF YEAR

356,532

NET ASSETS AT END
OF YEAR

\$ 384,006

JAFCO CHILDREN'S ABILITY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

26

Salaries and related expenses	\$ 2,900,598
Facilities expenses	142,423
Residential expenses	108,205
Telephone and utilities	102,619
Insurance	49,593
Office supplies and expenses	47,146
Professional fees	36,722
Training, screening and fees	28,656
Transportation and travel	19,829
Credit card charges	8,504
License and fees	1,871
Depreciation	<u>1,422</u>
	<u><u>\$ 3,447,588</u></u>

JAFCO-JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

28

REVENUES, GAINS AND OTHER SUPPORT:		
Donations	\$ 144,647	
Fundraising events	<u>329,783</u>	
 TOTAL REVENUES, GAINS AND OTHER SUPPORT		 \$ 474,430
 EXPENSES:		
Functional expenses	515,896	
Fundraising expenses	<u>35,596</u>	
 TOTAL EXPENSES		 <u>551,492</u>
 CHANGE IN NET ASSETS		 (77,062)
 NET ASSETS AT BEGINNING OF YEAR		 <u>197,028</u>
 NET ASSETS AT END OF YEAR		 <u><u>\$ 119,966</u></u>

JAFCO-JEWISH ADOPTION AND FAMILY CARE OPTIONS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

29

Salaries and related expenses	\$ 389,080
Rent	33,600
Office supplies and expenses	18,529
License and fees	17,100
Professional fees	13,607
Telephone and utilities	11,750
Transportation and travel	11,696
Training, screening and fees	8,286
Credit card charges	6,326
Support services	2,999
Insurance	<u>2,923</u>
	<u><u>\$ 515,896</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***

7880 N. UNIVERSITY DRIVE #201
TAMARAC, FLORIDA 33321
TEL: (954) 722-9250
FAX: (954) 726-6715
email:arie@taykancpa.com

**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, 2018, and the related combined statements of activities, 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 3, 2019.

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.

Page 2

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.

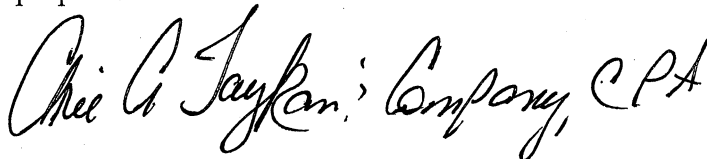
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

A handwritten signature in cursive script that reads "Chie C. Taylor, CPA". The signature is written in black ink and is positioned above the printed name and date.

May 3, 2019

Tamarac, Florida