



JEWISH FAMILY SERVICE OF SAN DIEGO

**Consolidated Financial Statements and Supplemental
Information**

Years Ended June 30, 2014 and 2013 (Restated)



JEWISH FAMILY SERVICE OF SAN DIEGO

Consolidated Financial Statements and Supplemental Information

Years Ended June 30, 2014 and 2013 (Restated)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Jewish Family Service of San Diego
San Diego, California

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Jewish Family Service of San Diego, which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jewish Family Service of San Diego as of June 30, 2014, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The consolidated financial statements of Jewish Family Service of San Diego as of June 30, 2013 were audited by other auditors whose report dated January 29, 2014 expressed an unmodified opinion on those statements. As discussed in Note 15 to the consolidated financial statements, Jewish Family Service of San Diego has adjusted the 2013 consolidated financial statement to correct classifications misstatements within net assets. The other auditors reported on the consolidated financial statements before the reclassifications.

As discussed in Note 15 to the consolidated financial statements, classification misstatements resulting in the understatement of amounts previously reported for temporarily restricted net assets and overstatement of permanently restricted net assets were discovered during the current year. Accordingly, amounts reported for unrestricted, temporarily restricted and permanently restricted net assets have been adjusted to correct the misstatement.

As part of our audit of the 2014 consolidated financial statements, we also audited the adjustments described in Note 15 that were applied to restate the 2013 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to Jewish Family Service of San Diego's 2013 consolidated financial statements other than with respect to the adjustments and accordingly, we do not express an opinion or any other form of assurance on the 2013 consolidated financial statements.

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2015, on our consideration of Jewish Family Service of San Diego'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 Jewish Family Service of San Diego's internal control over financial reporting and compliance.

AKT LLP

San Diego, California
March 30, 2015

JEWISH FAMILY SERVICE OF SAN DIEGO**Consolidated Statements of Financial Position**

June 30, 2014 and 2013 (Restated)

	2014	(Restated) 2013
ASSETS		
Cash and cash equivalents (Note 2)	\$ 5,126,643	\$ 4,107,248
Accounts receivable, net (Note 2)	729,001	756,327
Grants and contracts receivable (Note 3)	1,328,378	1,378,287
Loans receivable, net of allowance of \$5,811	55,225	106,183
Prepaid expenses and other assets	223,473	334,618
Unconditional promises to give, net (Note 4)	4,816,104	5,638,767
Investments (Note 6)	11,301,744	10,977,089
Land, buildings and equipment, net (Note 7)	10,993,065	10,155,795
Beneficial interests in endowment funds (Note 8)	8,030,934	6,698,962
Total Assets	<u>\$ 42,604,567</u>	<u>\$ 40,153,276</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 885,311	\$ 589,181
Accrued expenses	2,096,273	2,256,270
Unearned revenue (Note 2)	275,620	313,580
Note payable (Note 9)	1,600,000	1,600,000
Deferred compensation (Note 10)	354,663	312,865
Total Liabilities	5,211,867	5,071,896
Net Assets:		
Unrestricted:		
Operating	18,819,916	18,378,007
Board designated	4,823,695	4,449,996
Total Unrestricted	<u>23,643,611</u>	<u>22,828,003</u>
Temporarily restricted	10,691,639	9,409,411
Permanently restricted	3,057,450	2,843,966
Total Net Assets	<u>37,392,700</u>	<u>35,081,380</u>
Total Liabilities and Net Assets	<u>\$ 42,604,567</u>	<u>\$ 40,153,276</u>

JEWISH FAMILY SERVICE OF SAN DIEGO**Consolidated Statement of Activities**

Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenue:				
Grants and contracts	\$ 8,914,156	\$ -	\$ -	\$ 8,914,156
Contributions	3,219,522	2,764,868	213,484	6,197,874
Charitable auto sales and fees	4,668,710	-	-	4,668,710
Investment income	1,398,394	803,176	-	2,201,570
Program revenue	1,219,509	-	-	1,219,509
Fees and other revenue	194,365	-	-	194,365
Gain on sale of equipment	-	-	-	-
Net assets released from restrictions	<u>2,285,816</u>	<u>(2,285,816)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	21,900,472	1,282,228	213,484	23,396,184
Expenses:				
Program services:				
Jewish Family Service	15,324,136	-	-	15,324,136
Charitable Auto Resources, Inc.	340,827	-	-	340,827
Charitable Adult Rides & Services, Inc.	<u>1,751,593</u>	<u>-</u>	<u>-</u>	<u>1,751,593</u>
Total Program Services	17,416,556	-	-	17,416,556
Supporting services:				
General and administrative	1,401,049	-	-	1,401,049
Fundraising	<u>2,247,059</u>	<u>-</u>	<u>-</u>	<u>2,247,059</u>
Total Supporting Services	3,648,108	-	-	3,648,108
Total Expenses	<u>21,064,664</u>	<u>-</u>	<u>-</u>	<u>21,064,664</u>
Change in Net Assets before Income Taxes	835,808	1,282,228	213,484	2,331,520
Provision for Income Taxes	<u>(20,200)</u>	<u>-</u>	<u>-</u>	<u>(20,200)</u>
Change in Net Assets	815,608	1,282,228	213,484	2,311,320
Net Assets, Beginning	<u>22,828,003</u>	<u>9,409,411</u>	<u>2,843,966</u>	<u>35,081,380</u>
Net Assets, Ending	<u>\$ 23,643,611</u>	<u>\$ 10,691,639</u>	<u>\$ 3,057,450</u>	<u>\$ 37,392,700</u>

JEWISH FAMILY SERVICE OF SAN DIEGO**Consolidated Statement of Activities**

Year Ended June 30, 2013 (Restated)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenue:				
Grants and contracts	\$ 8,898,391	\$ -	\$ -	\$ 8,898,391
Contributions	4,674,719	6,291,640	541,600	11,507,959
Charitable auto sales and fees	5,240,624	-	-	5,240,624
Investment income	721,795	522,871	-	1,244,666
Program revenue	1,357,180	-	-	1,357,180
Fees and other revenue	139,625	-	-	139,625
Gain on sale of equipment	4,305	-	-	4,305
Net assets released from restrictions	<u>3,291,658</u>	<u>(3,291,658)</u>	-	-
Total Support and Revenue	<u>24,328,297</u>	<u>3,522,853</u>	<u>541,600</u>	<u>28,392,750</u>
Expenses:				
Program services:				
Jewish Family Service	14,497,852	-	-	14,497,852
Charitable Auto Resources, Inc.	1,121,704	-	-	1,121,704
Charitable Adult Rides & Services, Inc.	<u>1,162,647</u>	-	-	<u>1,162,647</u>
Total Program Services	<u>16,782,203</u>	-	-	<u>16,782,203</u>
Supporting services:				
General and administrative	1,379,745	-	-	1,379,745
Fundraising	<u>2,530,213</u>	-	-	<u>2,530,213</u>
Total Supporting Services	<u>3,909,958</u>	-	-	<u>3,909,958</u>
Total Expenses	<u>20,692,161</u>	-	-	<u>20,692,161</u>
Change in Net Assets before Income Taxes	3,636,136	3,522,853	541,600	7,700,589
Provision for Income Taxes	<u>(142,407)</u>	-	-	<u>(142,407)</u>
Change in Net Assets	3,493,729	3,522,853	541,600	7,558,182
Net Assets, Beginning (as previously stated)	17,304,372	7,920,713	2,298,113	27,523,198
Restatement (Note 15)	<u>2,029,902</u>	<u>(2,034,155)</u>	<u>4,253</u>	-
Net Assets, Beginning (as restated)	<u>19,334,274</u>	<u>5,886,558</u>	<u>2,302,366</u>	<u>27,523,198</u>
Net Assets, Ending	<u>\$ 22,828,003</u>	<u>\$ 9,409,411</u>	<u>\$ 2,843,966</u>	<u>\$ 35,081,380</u>

JEWISH FAMILY SERVICE OF SAN DIEGO
Consolidated Statement of Functional Expenses
Year Ended June 30, 2014

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and Related Expenses:				
Salaries and wages	\$ 8,980,206	\$ 564,805	\$ 993,446	\$ 10,538,457
Payroll taxes	757,256	41,771	76,257	875,284
Employee benefits	1,366,167	66,648	108,082	1,540,897
Total Salaries and Related Expenses	<u>11,103,629</u>	<u>673,224</u>	<u>1,177,785</u>	<u>12,954,638</u>
Nonsalary Related Expenses:				
Advertising and promotion	604,275	418	176,030	780,723
Bad debts (recoveries)	54,666	(706)	8,045	62,005
Bank fees and payroll processing	62,415	16,741	26,375	105,531
Computer software	44,200	10,939	13,134	68,273
Conferences and meetings	29,339	10,115	33,724	73,178
Consultants	210,412	50,102	41,583	302,097
Depreciation	345,648	12,528	33,052	391,228
Emergency assistance	822,074	-	-	822,074
Equipment rental and expense	351,483	18,549	25,393	395,425
Fundraising	-	-	113,428	113,428
Holocaust home care	259,043	-	-	259,043
Insurance	150,468	53,824	3,845	208,137
Legal, accounting and audit	218,022	66,682	17,886	302,590
Memberships and subscriptions	36,500	16,603	3,351	56,454
Miscellaneous	89,230	11,434	14,930	115,594
Office and computer supplies	99,354	7,835	9,276	116,465
Postage	51,824	7,746	22,314	81,884
Printing	49,499	806	56,401	106,706
Professional fees	94,281	221,653	312,621	628,555
Program expenses	834,225	21,430	4,006	859,661
Property and other taxes	24,236	1,551	3,077	28,864
Rent	565,804	20,629	21,930	608,363
Repairs and maintenance	140,748	4,662	9,076	154,486
Staff development	48,718	9,134	5,760	63,612
Subcontractor fees	65,761	78,109	-	143,870
Telephone	228,461	18,545	24,458	271,464
Transportation service	453,833	5,512	2,453	461,798
Travel, entertainment, and transportation	160,815	51,733	75,448	287,996
Utilities	217,593	11,251	11,678	240,522
Total Nonsalary Related Expenses	<u>6,312,927</u>	<u>727,825</u>	<u>1,069,274</u>	<u>8,110,026</u>
Total Functional Expenses	<u>\$ 17,416,556</u>	<u>\$ 1,401,049</u>	<u>\$ 2,247,059</u>	<u>\$ 21,064,664</u>

JEWISH FAMILY SERVICE OF SAN DIEGO
Consolidated Statement of Functional Expenses
Year Ended June 30, 2013 (Restated)

	Program Services	General and Administrative	Fundraising	Total Expense
Salaries and Related Expenses:				
Salaries and wages	\$ 8,748,000	\$ 479,433	\$ 1,081,720	\$ 10,309,153
Payroll taxes	742,660	39,711	80,912	863,283
Employee benefits	1,311,624	68,513	104,603	1,484,740
Total Salaries and Related Expenses	<u>10,802,284</u>	<u>587,657</u>	<u>1,267,235</u>	<u>12,657,176</u>
Nonsalary Related Expenses:				
Advertising and promotion	502,702	218	124,483	627,403
Bad debts	35,881	229,098	451,216	716,195
Bank fees and payroll processing	56,742	13,572	24,432	94,746
Computer software	19,174	1,263	2,093	22,530
Conferences and meetings	23,307	10,523	15,564	49,394
Consultants	228,259	49,745	25,284	303,288
Depreciation	290,476	32,627	28,350	351,453
Emergency assistance	759,374	-	-	759,374
Equipment rental and expense	225,901	11,780	19,543	257,224
Fundraising	-	450	23,048	23,498
Holocaust home care	206,173	-	-	206,173
Insurance	131,208	42,656	2,407	176,271
Interest expense	-	23,556	-	23,556
Legal, accounting and audit	64,620	23,973	11,185	99,778
Memberships and subscriptions	27,877	15,021	1,729	44,627
Miscellaneous	114,814	8,292	4,264	127,370
Office and computer supplies	82,896	5,277	5,977	94,150
Postage	53,646	5,354	17,726	76,726
Printing	58,200	694	40,595	99,489
Professional fees	284,353	237,900	294,450	816,703
Program expenses	808,971	20	381	809,372
Property and other taxes	2,648	2,169	1,135	5,952
Rent	688,135	11,620	19,934	719,689
Repairs and maintenance	97,056	13,429	6,478	116,963
Staff development	41,017	9,034	5,873	55,924
Subcontractor fees	158,507	3,094	3,276	164,877
Telephone	182,846	10,940	18,342	212,128
Transportation service	433,800	5,393	2,587	441,780
Travel, entertainment, and transportation	147,331	16,216	103,746	267,293
Utilities	191,850	8,174	8,880	208,904
Total Nonsalary Related Expenses	<u>5,917,764</u>	<u>792,088</u>	<u>1,262,978</u>	<u>7,972,830</u>
Total Functional Expenses	<u>\$ 16,720,048</u>	<u>\$ 1,379,745</u>	<u>\$ 2,530,213</u>	<u>\$ 20,630,006</u>

JEWISH FAMILY SERVICE OF SAN DIEGO**Consolidated Statements of Cash Flows**

Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 2,311,320	\$ 7,558,182
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	391,228	351,453
(Gain)/loss on sale of property and equipment	5,533	(4,305)
Net realized and unrealized gains on investments	(1,978,399)	(897,301)
(Increase) Decrease in:		
Accounts receivable, net	27,326	4,507
Grants and contracts receivable	49,909	(352,570)
Prepaid expenses and other assets	111,145	(75,878)
Unconditional promises to give, net	822,663	(4,139,959)
Increase (Decrease) in:		
Accounts payable	296,130	160,137
Accrued expenses	(159,997)	161,737
Unearned revenue	(37,960)	(81,237)
Deferred compensation	41,798	6,348
Net Cash Provided by Operating Activities	<u>1,880,696</u>	<u>2,691,114</u>
Cash Flows from Investing Activities:		
Loan payments received	50,958	22,262
Purchase of investments	(1,924,117)	6,637,163
Sales of investments	2,653,570	-
Proceeds from sale of land, buildings and equipment	-	6,100
Purchase of land, buildings and equipment	(1,234,031)	(3,447,020)
Change in beneficial interests in endowment funds	(407,681)	(5,826,271)
Net Cash Used by Investing Activities	<u>(861,301)</u>	<u>(2,607,766)</u>
Cash Flows Provided by Financing Activities:		
Proceeds from note payable	-	1,600,000
Net Increase in Cash and Cash Equivalents	<u>1,019,395</u>	<u>1,683,348</u>
Cash and cash equivalents, beginning	<u>4,107,248</u>	<u>2,423,900</u>
Cash and cash equivalents, ending	<u>\$ 5,126,643</u>	<u>\$ 4,107,248</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	\$ <u>-</u>	\$ <u>20,022</u>
Cash paid for income taxes	\$ <u>42,502</u>	\$ <u>174,657</u>

See accompanying notes to consolidated financial statements.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2014 and 2013 (Restated)

Note 1 – Organization

Jewish Family Service of San Diego (JFS) is a California 501(c)(3) nonprofit organization that was founded in 1918 by a consortium of women's clubs who sought to address the myriad of human needs of the time. Today JFS is a comprehensive human service organization with eleven locations throughout San Diego County and two facilities serving the Coachella Valley along with seven Housing and Urban Development (HUD) apartments. From its early grassroots origins, the agency now serves over 35,000 people annually. The mission of JFS is to strengthen the individual, enhance the family, and protect the vulnerable, with human services based on Jewish values.

JFS Foundation, LLC (Foundation), a California 501(c)(3) nonprofit, is a wholly owned subsidiary of JFS and was organized on March 28, 2006. The Foundation was formed to raise funds for JFS through "The Building on a Tradition of Caring Capital Campaign" with a goal to fund the purchase and renovation of the headquarters building and endowing a portion of Older Adult Services.

JFS Holdings, LLC (Holdings), a California 501(c)(3) nonprofit, is a wholly owned subsidiary of JFS and was organized on March 28, 2006. Holdings was formed to acquire and renovate the headquarters building.

8788 Balboa Avenue, LLC (Balboa), a California 501(c)(3) nonprofit, is a wholly owned subsidiary of JFS and was organized on December 7, 2012. Balboa was formed to acquire and renovate the 8788 Balboa Avenue building.

Charitable Auto Resources, Inc. (CARS) is a wholly owned subsidiary of JFS and was incorporated in Delaware on October 14, 2003 as a for-profit corporation. CARS is a service-orientated car donation management company based in San Diego, California. CARS accepts car donations in all 50 states and the District of Columbia. CARS is dedicated to helping nonprofit organizations raise funds through successful car donation programs.

Charitable Adult Rides & Services, Inc. (CARS Nonprofit) is a wholly owned subsidiary of JFS and was incorporated in California as a nonprofit public benefit corporation on December 21, 2010. The specific purpose of CARS Nonprofit is to serve the transportation needs of older adults who are unable to drive, through shuttles, group transportation, excursions, taxi script, volunteer driver programs, car donations to provide transportation and fund the program, and to assist other charities' fundraising efforts through vehicle donation programs.

The six entities listed above are consolidated as of and for the years ended June 30, 2014 and 2013, they will be referred to as the Organization.

Since 1918, Jewish Family Service of San Diego has been a trusted community resource for people in times of need. Our wide range of programming provides help and care to Empower Families, Respond to Crisis, and Care for Seniors throughout San Diego County and the Coachella Valley. Many people turn to Jewish Family Service with a specific need, such as hunger. But what begins with one JFS program often leads to providing a much larger scope of assistance, including counseling, education, job coaching, transportation, and more.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2014 and 2013 (Restated)

Note 1 – Organization, continued

JFS operates the following programs in three divisions:

Aging with Dignity: Jewish Family Service is the premier provider of services to Older Adults in San Diego. Jewish Family Service senior programs include Geriatric Care Management, Transportation-On the Go, Serving Older Holocaust Survivors (SOS), Social and Wellness Centers, Fix It Service and Foodmobile.

Community Connection: Jewish Family Service believes that to be truly self-sufficient, one must be connected to a community, achieve emotional health, and spiritual wellbeing. In times of crisis, when individuals and families face the greatest challenges, economic security alone does not provide the support required to overcome the obstacle at hand. Community connection and engagement programs include Adoption Services, Leadership Programs, Big Pals, Serving Jewish Single Parents, Pachie's Place and North County Jewish Connections.

Self-Sufficiency: Jewish Family Service of San Diego seeks to build a San Diego where every individual and family is self-sufficient, socially connected, and ages with dignity. Self-sufficiency services provided include Counseling, Case Management, Financial Services/Workforce Development, Hunger Alleviation and Food Security, Housing and Homeless Services, Refugee Resettlement and Immigration, and Positive Parenting Program.

JFS programs include:

Aging with Dignity

Bikkur Holim Friendly Visitor Program – Bikkur Holim matches volunteers with homebound older adults throughout San Diego County. Volunteers provide companionship and play a vital role in connecting older adults to additional services and programs at JFS. In fiscal year 2013-2014, Bikkur Holim assisted 28 older adults.

College Avenue Social and Wellness Center – The College Avenue Center is a drop-in center for active older adults in central San Diego. Its primary purpose is to offer an engaging program that provides lifelong learning opportunities, exercise, civic engagement, Judaic programming, access to a nutritious meal, and opportunities to socialize. The College Avenue Center has a membership of over 339 and a daily average attendance of 139 clients.

Foodmobile – Established in 1971, Foodmobile is a kosher, home-delivered meal program for older adults and younger homebound adults with disabilities. Foodmobile served 4,822 meals per month in the 2013-2014 fiscal year.

Geriatric Care Management – The Geriatric Care Management program helps older adults and their loved ones meet the challenges of aging. Staff help with coordinating medical care, services in the home, transportation, errands, and paperwork. In the 2013-2014 fiscal year 129 older adults and caretakers received a total of 6,653 service hours and provided over 2,370 rides.

Home Not Alone – The Home Not Alone program helps older adults live a vibrant and engaged life while aging in community. Home Not Alone matches adults aged 60 and older with volunteers who offer companionship, and help with light housekeeping, grocery shopping, simple meal preparation, laundry, paperwork, errands and transportation. Since February of 2014, this new program matched 11 volunteers with 13 older adult clients across San Diego County, provided 177 rides to older adults and engaged volunteers in giving 342 hours of their time.

JFS Fix-It Service – JFS Fix-It Service plays a significant role in allowing older adults to remain safely in their homes. JFS Fix-It Service schedules trained volunteers to assist older adults by providing free five-point safety checks, and minor home-safety repairs and modifications, allowing older adults to maintain their independence and remain safely in their homes. In fiscal year 2013-2014 JFS Fix-It Service performed 1,272 home modifications and repairs; volunteers gave 1,346 hours of their time.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2014 and 2013 (Restated)

Note 1 - Organization, continued

North County Social and Wellness Center – The North County Social and Wellness Programs provide a variety of activities for older, active adults in the North County Inland and Coastal areas of San Diego. Activities include exercise, lectures, entertainment, lunches and transportation. In the 2013-2014 fiscal year a total of 8,721 visits were made to the North County Inland Center and 1,211 to the Coastal Club.

On the Go – On the Go: Transportation Solutions for Older Adults provides comprehensive transportation support to older adults, ages 60+, through five services: Shuttles, Excursions, Rides and Smiles, OTG Silver and Taxi Scrip. In the 2013-2014 fiscal year, 1,470 riders were enrolled in the program, service expanded from 18 to 23 Zip Codes and On the Go provided 38,362 total rides.

Senior Nutrition – The Senior Nutrition program provides hot, nutritious, kosher meals to socially and economically disadvantaged older adults and younger adults with disabilities. Senior Nutrition prepares and delivers meals to congregate dining sites at five JFS Social and Wellness Centers and provides home-delivered meals via the JFS Foodmobile. In the 2013-2014 fiscal year, Senior Nutrition provided 82,550 meals, 750 hours per month, on average, were donated by volunteers who prepared and served meals to clients and Senior Nutrition increased its total service by 10% to homebound clients with the addition of a new route in the South Central area of San Diego.

Serving Older Survivors – The Serving Older Survivors (SOS) program provides Holocaust survivors with geriatric care management services – including assessments, care plans, consultations, advocacy, coordination, emotional support, assistance with care in the home and direct financial assistance. In the 2013-2014 fiscal year, 61 survivors received housekeeping and homecare assistance, 15 to 24 participants attended monthly lunches, and Russian Jewish survivors had the opportunity to connect with the Jewish community through six programs.

University City Older Adult Center – The University City Older Adult Center (UCOAC) offers a variety of programs, including current event discussions, entertainment, exercise, games, lectures, lunch and movies to frail older adults and their families. Nearly two-thirds (70%) of the UCOAC clients suffer from Alzheimer's or dementia. In the 2013-2014 fiscal year, UCOAC enrolled 21 new members and had 3,250 client visits and 476 caregiver visits, served 4,048 meals and hosted many special events and classes.

Community Connection

Adoption Alliance – Adoption Alliance provides comprehensive adoption services to six counties in the Southern California region. Adoption Alliance conducts infertility counseling, pre- and post-adoption counseling, education and support for raising adopted children, domestic and international adoption home studies, post-placement services and adoption coordination. Adoption Alliance's reputation as a leading home study agency in Southern California has grown, both regionally and nationally. In the 2013-2014 fiscal year, Adoption Alliance helped 24 children begin a new life with their adoptive parents.

Behavioral Health Committee – The Behavioral Health Committee works to end the stigma of mental illness by increasing community awareness and providing resources and services for coping and living with mental illness. The committee is comprised of community volunteers – mainly parents of children with mental illness – and mental health professionals. In the 2013-2014 fiscal year, the Behavioral Health Committee held a community resource fair and panel event featuring local experts. The program also holds an annual Spring mental health awareness luncheon with a notable author as the featured speaker.

Embrace-A-Family – Each year the Embrace-a-Family Holiday Gift Program engages individuals, families, service and faith-based community groups to help ensure families in need have gifts for the holidays. In the 2013-2014 fiscal year, Embrace-a-Family touched the lives of 529 clients and their families, received gifts from 236 donors, and engaged 72 volunteers who gave 193 volunteer hours.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2014 and 2013 (Restated)

Note 1 – Organization, continued

Emerging Leaders – Emerging Leaders at JFS is a group of socially-minded young professionals who come together to support the work of JFS through service, leadership and philanthropy. It is comprised of working professionals in their twenties, thirties, and forties who come from a variety of professional backgrounds. Emerging Leaders holds monthly events open to all Jewish young professionals and their networks and provides a conduit for institutional and individual philanthropy through two signature fundraising events. In the 2013-2014 fiscal year, Emerging Leaders engaged 126 young professions in service projects, leadership events, and social events, donated 475 volunteer hours and raised over \$13,000 to fund JFS community programs.

Girls Give Back – Girls Give Back is designed to address the challenges faced by Jewish girls by engaging them in meaningful, self-directed, and ongoing service-learning and leadership development activities. In the 2013-2014 fiscal year, 35 Jewish high school girls and 15 Jewish middle school girls from 13 high schools and 11 middle schools participated in the program.

Hand Up Teen Leadership Program – The nationally-recognized Hand Up Teen Leadership program offers high school students a unique opportunity to learn about food insecurity, receive leadership training, and utilize their newly developed leadership skills by contributing to the service delivery of the Hand Up Youth Food Pantry which distributes supplemental food and hygiene items to thousands of people across San Diego County. In the 2013-2014 fiscal year, the Hand Up Teen Leadership program engaged 41 teens in grades 9-12 from 15 San Diego area high schools who volunteered over 1,600 hours, raised more than \$10,000 by organizing fundraisers and volunteered with Feeding America to sort 1,400 pounds of donated food.

Hunger Advocacy Network – The Hunger Advocacy Network is a collaborative of twenty-one San Diego organizations that work together to achieve a long-term, systemic reduction in food insecurity in San Diego by shaping state policy. In the 2013-2014 fiscal year, the Hunger Advocacy Network coordinated a community advocacy training that engaged 60 people affiliated with partner organizations to learn about the rules for nonprofit advocacy and how to effectively create an advocacy campaign, added five new partner organizations and was recognized by the County Board of Supervisors for its efforts with a resolution during Hunger Action Month in September 2013.

Jewish BIGPals – Jewish BIGPals nurtures the exploration of Jewish identity and promotes positive self-development by matching safe, trusting, adult mentors with Jewish children primarily from single-parent families. In the 2013-2014 fiscal year, BIGPals maintained 55 active matches, coordinated two bullying workshops and a parenting workshop with over 100 Jewish adults and children in attendance.

Jewish Healing Center – The Jewish Healing Center (JHC) is dedicated to providing a uniquely Jewish and spiritual perspective to everyday challenges and crisis situations. JHC healing services include spiritual support groups, bereavement support groups, individual counseling chaplaincy, referrals, community presentations, classes, and specialty workshops.

Pachie's Place - To address important issues facing parents and children from the first days of life through the first days of kindergarten, Pachie's Place presents various research-based parenting approaches and theories. In the 2013-2014 fiscal year, a total of 533 participants attended 20 workshops and one large event. There were 6,796 visits to the website by 1,720 unique visitors.

Patient Advocacy - The Patient Advocacy program ensures the rights of mental health consumers in hospitals and licensed residential facilities so that they are treated with dignity and respect. Services are free to clients and can include representing clients at administrative hearings; working with minors regarding their rights; investigating complaints regarding rights violations, neglect, abuse, and/or breaches of confidentiality; and monitoring facilities for compliance with patients' rights laws and regulations.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2014 and 2013 (Restated)

Note 1 – Organization, continued

Patient Advocacy, continued - Patient Advocacy provides consultation and training to the County Behavioral Health Services system, resulting in many positive changes to County and hospital policies and procedures. In addition to participating in statewide efforts to update and reform California mental health law, Patient Advocacy is participating in the training of law enforcement officers who respond to psychiatric emergencies, and is working with the Inter-Tribal Court of Southern California, which provides oversight to 13 Native American tribes, to develop protocols for the court to ensure due process for tribal members.

In the 2013-2014 fiscal year, Patient Advocacy, in partnership with the Consumer Center for Health Education and Advocacy (a program of Legal Aid Society of San Diego) was named the County Behavioral Health Director's Program of the Year at the 27th Annual Behavioral Health Recognition Dinner. Both organizations protect patients' rights in inpatient and outpatient settings, investigate grievances and complaints and ensure due process for individuals with mental illnesses. Patient Advocacy also received the 2014 KOVOD Award in the category of "Effective Response to Changes in Health and Human Services" from the Association of Jewish Family and Children's Agencies.

In addition, Patient Advocacy: represented clients at over 3,300 Certification Review Hearings, ensuring due process, Assisted clients with over 4,100 rights issues at hospitals, crisis houses, skilled nursing facilities, and residential facilities, Investigated over 950 complaints and over 85 grievances, addressing issues ranging from confidentiality violations to poor quality of care by staff. Interventions typically resulted in changes to hospital policies and procedures, and/or staff practice, conducted over 100 trainings on mental health law and mental health patients' rights for clients, providers and professionals.

Supporting Jewish Single Parents - The Supporting Jewish Single Parents (SJSP) program seeks to preserve Jewish continuity for San Diego's single-parent families, offering supportive services which enhance feelings of belonging in the Jewish community and increase participation in Jewish activities. Through information and referral, networking, support, and advocacy, SJSP addresses basic needs essential to clients' daily functioning by providing support to enhance coping skills, facilitate creating social networks, and, as needed, provide food assistance or financial assistance in times of crisis for such items as a phone bill, gas/electric bill, or school supplies and clothing for their children. In the 2013-2014 fiscal year, 319 Jewish single-parent families participated in SJSP, 36 SJSP clients attended Support Groups while 26 children enjoyed the Child Activity program, 3 clients affiliated with their local synagogue and 11 received assistance for their children to attend religious school. 48 clients received advocacy, referrals and scholarships which enabled their children to attend Jewish Summer Camp and 67 clients and 95 children attended one or more of SJSP's social, spiritual or educational events. SJSP held its Eighth Annual Family Camp Weekend with 90 people in attendance.

Volunteer Engagement - The Volunteer Engagement department continues to innovate and find new meaningful ways to match volunteers with service needs. With more than 30 volunteer opportunities available, volunteers play an integral role in mentoring children; visiting the ill and elderly; delivering meals to homebound older adults and younger adults with disabilities; driving older adults to and from medical appointments; completing minor home repairs for older adults; working at older adult centers; helping newly arrived refugees; helping individuals re-enter the workforce; and providing clients with Passover and Thanksgiving packages and holiday gifts. In the 2013-2014 fiscal year, JFS Volunteer Engagement enrolled more than 900 volunteers that provide life-changing services and engaged volunteers in providing service valued at \$1.4 million.

Self-Sufficiency

Breast Cancer Case Management - The Breast Cancer Case Management (BCCM) program is the only one of its kind in San Diego County. Utilizing an intensive medical case management model, Breast Cancer Case Managers work closely with women in their homes so they can take a break from the anxiety of day-to-day issues and focus on their treatment. BCCM serves patients during treatment and follow-up care phases, conducts support and navigation services after diagnosis, and creates individual action plans to offer support, financial assistance, and linkages to community partners for additional resources.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2014 and 2013 (Restated)

Note 1 – Organization, continued

Breast Cancer Case Management, continued - In fiscal year 2013-2014, BCCM served 94 breast cancer patients throughout San Diego County. While open to anyone living with breast cancer at any point on the continuum of care – regardless of age, religion, culture, ethnic background, or sexual orientation – the program targets the most vulnerable patients who are medically underserved, uninsured, and underinsured. This includes clients from diverse backgrounds, many with language barriers that can limit their access to crucial services.

Clinical Counseling – The Clinical Counseling program offers compassionate, supportive, expert help for families at every stage of life. Professional therapists provide individual, family, couples, and group counseling for children, teens, adults, couples and families, and for persons suffering from mood disorders, survivors of violence, or issues related to the aging process. In fiscal year 2013-2014, Clinical Counseling supported families and individuals by providing 4,830 psychotherapy sessions, 266 group sessions, space for and access to AI-Anon and PFLAG support groups at our agency and served 503 clients.

Community Case Management - Community Case Management (CCM) has been a vital part of Jewish Family Service for over 15 years, providing assistance critical to the physical, emotional, financial, and spiritual well-being of individuals and families in crisis. The goals of the program are to enable clients to improve their standard of living, restore them to their previous levels of independent functioning, prevent a recurrence of crisis, and ultimately move them toward self-sufficiency. CCM program provides short-term counseling and case management to Jewish adults and families needing assistance in addressing barriers such as financial crisis, mental health diagnoses, and medical issues. In fiscal year 2013-2014, 675 clients spoke with a case manager about issues associated with daily living and coping skills. CCM provided emergency food, financial assistance, referrals for mental health, housing, legal, and medical/dental resources, along with personalized action plans were created to assist these clients and their families move towards self-sufficiency. Jewish Family Service is one of the only agencies in San Diego County to offer financial assistance.

David Rubenstein Memorial Scholarship – The David Rubenstein Memorial Scholarship Program serves low-income high school graduates from the San Diego Jewish community who plan to attend college or vocational school. Recipients demonstrate both financial need and evidence of strong academic performance and community involvement. In the 2013-2014 fiscal year, 26 students received scholarships to offset fees for university and vocational studies for the 2014-2015 academic year and the program awarded a total of \$50,250 in scholarships to 33 students.

Desert Horizon Transitional Housing - Desert Horizon Transitional Housing program places homeless individuals directly from the streets and emergency shelters into housing with client-focused supportive services. Located in the Western Coachella Valley, the residential program offers furnished, multi-bedroom residential units located in safe neighborhoods. During fiscal year 2013-2014, Desert Horizon served 94 homeless adults, which included 70 men and 24 women.

Desert Vista Permanent Supportive Housing - Desert Vista Permanent Supportive Housing (Desert Vista) is the only program of its kind in the Coachella Valley specifically targeting chronically homeless and individuals with disabilities. Desert Vista places homeless individuals with disabilities directly from the streets and emergency shelters into permanent supportive housing units with appropriate supportive services. In the 2013-2014 fiscal year, Desert Vista served 57 adults consisting of 44 men and 13 women, including 11 older adults over 62 years of age.

Employment and Career Services - Employment and Career Services (ECS) assists unemployed and underemployed individuals of San Diego County with career guidance, job search assistance, and employment-related supportive services. Clients can access ECS through the JFS website, monthly JFS Career Planning and Job Search Skills Workshops, local Jewish organizations, and/or referrals from JFS case managers and other staff. ECS serves clients of all income and education levels.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2014 and 2013 (Restated)

Note 1 – Organization, continued

Employment and Career Services, continued - In the 2013-2014 fiscal year, ECS hosted three Get Connected with LinkedIn special events, where 44 participants learned how to navigate this social media tool for job search. Participants also had the opportunity to attend a LinkedIn Clinic, and received hands-on instruction to create an account, set up a profile, and connect with others; built the ECS Employer Database to over 200 San Diego County employers representing a wide range of industries; held 29 Career Planning and Financial Workshops that assisted 236 individuals to gain job search skills and improve personal finance management; 38 clients obtained employment; 97% of clients increased their job seeking skills after receiving services; and, 23 clients were matched with a job coach who mentored them in their field of work.

Hand Up Youth Food Pantry - The Hand Up Youth Food Pantry at JFS helps people get back on their feet. Not only does it provide food to thousands of hungry individuals and families in San Diego County, but by including case managers at distribution sites the program opens the door to the array of vital services offered at JFS. The Hand Up Youth Food Pantry and Hand Up Teen Leadership programs work in tandem to provide opportunities for youth to develop leadership skills through service-learning. High school students engage in the local fight against hunger by organizing food drives and fundraisers, making educational presentations, managing pantry and distribution volunteers, and participating in state-level legislative advocacy. The Hand Up Youth Food Pantry currently operates eight distribution locations, with an increasing focus on providing nutritious food to the most vulnerable and impoverished in the community. In the 2013-2014 fiscal year, the Hand Up Youth Food Pantry distributed 407,158 pounds of food (equivalent to 318,113 meals) to 4,698 individuals, coordinated 138 community food distributions, organized 628 volunteers who spent 5,662 hours distributing food, diapers and hygiene items, and provided \$14,719 in financial assistance to 198 food recipients to help them achieve greater self-sufficiency.

Immigration Services - Through Jewish Family Service (JFS) of San Diego's Immigration Services, two attorneys and two BIA Accredited Representatives on staff provide community members low-cost assistance with a variety of applications such as: Deferred Action for Childhood Arrival (DACA), family-based reunification, refugee/asylee based green cards and replacement green cards, travel documents, U.S. Citizenship and Immigration Services (USCIS) fee waivers, Cuban Adjustment Act cases, and naturalization. JFS also offers classes to help clients prepare for their citizenship interviews and English and civics tests.

A unique component of JFS Immigration Services is the Prins Asylum program, which provides free legal representation for asylum-seekers fleeing persecution, abuse and harm in their countries. Prins clients must be career professionals, scientists, musicians, artists or scholars. San Diego's Otay Mesa and San Ysidro Ports of Entry are two of the busiest in the world for asylum seekers. Since its inception in 2011 the Citizenship program has assisted 367 clients become U.S. Citizens. The pass rate for the citizenship and naturalization test participants is 97%. In response to President Obama's Executive Action signed in 2012, JFS began providing services for DACA. Fifty DACA applications were filed in the past year. Eight Prins Cuban cases and 17 non-Prins cases were granted legal permanent residence in the U.S. Cuban cases seeking representation from the JFS Immigration Services program increased from 24 in 2012 to over 60 by 2014. To date the Citizenship program has assisted 418 clients to apply for citizenship. As new citizens, they will be eligible to vote, travel with U.S. passports, and receive certain federal benefits.

Intensive Psychiatric Case Management - The Intensive Psychiatric Case Management (IPCM) program was created in 2007, specifically for Jewish individuals living with serious and persistent mental illness, to maximize their ability to live independently, socialize, and manage their symptoms. IPCM is the only program of its kind in San Diego County, allowing for clients to meet individually with their case manager for an average two hours per week, at the client's home or a location of their choice. This case management model establishes long-term, strong, positive relationships that lead to better coping skills and higher quality of life. The case manager provides ongoing assessment, advocacy, referrals to appropriate resources, medication management, and supportive intervention to optimize each client's level of functioning. The IPCM program served 56 clients in fiscal year 2013-2014.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2014 and 2013 (Restated)

Note 1 – Organization, continued

Ladies of CTA - Ladies of Construction Technology Academy (CTA) is an afterschool leadership program—based on JFS's innovative Girls Give Back curriculum—designed for girls that attend CTA at Kearny High School. The program is designed to support young women in successfully navigating challenges related to attending school primarily with male peers, and working in non-traditional fields of architecture, engineering and construction. In fiscal year 2013-2014 Ladies of CTA engaged thirty high school students in grades 9-12. Participants were predominantly young women of color from low social economic backgrounds.

Positive Parenting Program - The Positive Parenting Program (PPP) provides free parent training throughout San Diego County in Head Start and Early Head Start centers, elementary schools, and some community sites. The program uses the Triple P curriculum, which is one of the most effective evidence-based parenting programs in the world, with more than 30 years of ongoing research. The training gives parents simple and practical strategies to help them confidently manage their children's behavior, prevent problems, and build strong, healthy relationships. In the 2013-2014 fiscal year, 1,391 families completed at least one level of PPP, 3,594 children (via their parents) benefited from PPP programs, a 14% increase from last year. This included 175 children from military families, an 88% increase, and PPP Seminars (Level 2) were provided at over 133 sites, including 66 Head Start sites.

Project SARAH - Project SARAH (Stop Abusive Relationships At Home) provides counseling, case management, and advocacy services to individuals and families impacted by all forms of domestic abuse. In the 2013-2014 fiscal year, Project SARAH served 295 unduplicated clients, and supported families and individuals by providing 734 psychotherapy sessions, 26 group sessions, and 500 individuals attended outreach and educational events.

Refugee Employment Services - JFS Refugee Employment Services assists clients to achieve self-sufficiency. Refugees face barriers that include limited English proficiency, lack of U.S. work experience, and lack of networking opportunities. Through this federally-funded program, clients engage in employment-related activities and work with the JFS Employment Coordinator one-on-one to identify short-term and long-term career goals, and to create an attainable self-sufficiency plan. Refugee Employment Services assists refugees from Iraq, Burma, Iran, and Congo. Historically, clients have also come from Russia, Afghanistan, Rwanda, Kyrgyzstan, Egypt, Colombia, Cuba, and China. They vary widely in education, experience and employability.

In the fiscal year 2013-2014, JFS Refugee Employment Services helped over 65 refugee clients get hired at LEGOLAND, expanded its activities to include Career Development Services, where working clients can get one-on-one support to enter college, access financial aid opportunities, write cover letters, set up Linked In accounts, and connect to professional mentors, led the planning for the first Annual Employer Roundtable hosted by The San Diego Refugee Forum for 40 new employers on the benefits and challenges of hiring refugees, and exceeded the objectives of its federal ("Wilson-Fish") funding by increasing the proportion of employed clients from 33% to 50% when 75 new refugees started their first jobs.

Resettlement Program - Since its inception in 1918, JFS has offered resettlement services to newly-arriving refugees from around the world, who have fled their homes in fear of persecution. Refugee Resettlement Reception and Placement service assists approximately 40 people each month to adapt to their new homes and achieve economic self-sufficiency and social integration. In the 2013-2014 fiscal year, 191 refugee families settled in safe and secure housing, proximate to their community to ensure ongoing support, 89 children enrolled in school to continue education that was disrupted by war and family displacement, 28 elderly refugees connected to care programs such as SSI, in-home support services and adult day care, Over 200 adults enrolled in English as a second language classes to learn or improve their proficiency, 193 employable adults enrolled in employment services where they will identify short- and long-term career goals, and 25 refugees participated in intensive case management to deal with significant medical and mental health issues.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2014 and 2013 (Restated)

Note 1 – Organization, continued

Roy's Desert Resource Center - Roy's Desert Resource Center (RDRC), named in honor of the late Riverside County Supervisor, Roy Wilson, is the first comprehensive homeless center built in the Western Coachella Valley. This regional effort was spearheaded by the Coachella Valley Association of Governments' (CVAG) Homelessness Committee. It is the committee's first goal in its "Strategic Plan to End Homelessness." The program not only addresses basic physical needs but also connects them to resources they are eligible for, such as: medical care, health insurance, unemployment benefits, affordable housing, mental health services, food assistance and veterans' services. During the 2013-2014 fiscal year, RDRC served 878 unduplicated clients: 309 females and 569 males, including 19 families. Clients have little to no income when they enter the program and their needs are many.

Ways to Work - Ways to Work is a nationwide economic empowerment program that helps working families achieve self-sufficiency through financial education and reliable transportation. As a local Ways to Work program, JFS helps to provide reliable transportation and improve the quality of life for San Diego families. JFS pairs financial literacy with financing for a good used car to credit-challenged families. In the 2013-2014 fiscal year, Ways to Work Provided auto loans to 65 families during fiscal year 2013-2014; 95 families have received loans since the program's inception in July 2012, delivered financial education to 325 individuals during fiscal year 2013-2014, and 583 since the program's inception, and maintained an average delinquency rate of 10.8%, much less than the national average of 34.9% for similar loan portfolios.

Note 2 – Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Jewish Family Service of San Diego, JFS Foundation, LLC, JFS Holdings, LLC, 8788 Balboa Avenue, LLC, Charitable Auto Resources, Inc., and Charitable Adult Rides & Services, Inc. (the Organization). Intercompany balances and transactions have been eliminated in consolidation.

Financial Statement Presentation

The consolidated financial statements present information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets - Net assets not subject to donor imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor imposed stipulations that will be met by actions of the Organization and/or the passage of time. When a donor stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor imposed stipulations requiring that they be maintained permanently by the Organization. The income from these assets is available for either general operations or specific programs as specified by the donor.

Estimates

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

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2014 and 2013 (Restated)

Note 2 – Significant Accounting Policies, continued

Risks and Uncertainties

The Organization invests in various types of investment securities which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated statements of financial position.

Cash and Cash Equivalents

The Organization considers all highly liquid investment securities purchased with a maturity of 3 months or less to be cash equivalents. The Organization maintains bank accounts which may exceed depository insurance limits and therefore expose the Organization to credit risk. The Organization restricts its cash deposits to financial institutions which are members of the FDIC up to a limit of \$250,000 per depositor. The Organization had uninsured cash of \$4,525,696 at June 30, 2014.

Accounts Receivable

The allowance for uncollectible receivables is the Organizations' best estimate of the amount of probable losses in existing accounts receivable. The Organization determines the allowance based on historical write-off experience and current information. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The allowance for doubtful accounts totaled \$47,991 and \$55,900 at June 30, 2014 and 2013, respectively.

Unconditional Promises to Give

Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor imposed restrictions, if any, on the contributions. The discount recorded on unconditional promises to give totaled \$160,864 and \$105,518 at June 30, 2014 and 2013, respectively.

The allowance for unconditional promises to give is determined based on historical experience and management's evaluation of outstanding unconditional promises to give. The allowance for uncollectible unconditional promises to give totaled \$926,269 and \$926,584 at June 30, 2014 and 2013, respectively.

Investments

Realized and unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities and changes in net assets.

Unrealized gains and losses are included in the consolidated statement of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Fair Value of Financial Instruments

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2014 and 2013 (Restated)

Note 2 – Significant Accounting Policies, continued

Fair Value of Financial Instruments, continued

Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.

Level 3 inputs are unobservable inputs for the investment.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2014 and 2013.

Mutual funds, bonds and equity securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Investment pools held at Jewish Community Foundation: Considered Level 2 assets and are reported at fair value based on the fair value of the underlying assets in the funds as reported by the fund manager, Jewish Community Foundation, since these funds are valued by the fund manager and are not traded in an active market. The State of Israel Bonds are considered Level 2 assets and are reported at the face value of the bonds, which approximates fair value.

The Organizations' financial instruments, none of which are held for trading purposes, include cash, receivables, accounts payable, notes payable, and deposits. The Organization estimates that the fair value of all of these non-derivative financial instruments at June 30, 2014 and 2013 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying consolidated statements of financial position.

Land, Buildings, and Equipment

The Organization capitalizes all expenditures in excess of \$10,000 for land, buildings and equipment at cost, while donations of land, buildings and equipment are recorded at their estimated fair values. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Buildings and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

Building and improvements	5 - 25 years
Furniture and equipment	5 - 7 years
Equipment	5 - 7 years
Vehicles	5 years

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of land, buildings or equipment, the asset account is reduced by the cost and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2014 and 2013 (Restated)

Note 2 – Significant Accounting Policies, continued

Revenue Recognition

Grants and Contracts - Grant and contract revenue are recognized in the period in which the related work is performed in accordance with the terms of the grant or contract. Grants receivable are recorded when revenue earned under a grant or contract exceeds the cash received. Unearned revenue is recorded when cash received under a grant or contract exceeds the revenue earned.

Contributions - Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Services – The Organization utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the consolidated financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In fiscal year 2014, \$201,046 was recorded of donated services that meet these requirements.

Functional Allocation of Expenses

Expenses by function have been allocated by program and supporting services classifications on the basis of internal records and estimates made by the Organizations' management.

Income Taxes

Jewish Family Service of San Diego, JFS Foundation, LLC, JFS Holdings, LLC, 8788 Balboa Avenue, LLC, and CARS nonprofit are public charities and are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. JFS Foundation, LLC, JFS Holdings, LLC and 8788 Balboa Avenue, LLC are considered disregarded entities for income tax purposes and are included in the income tax returns filed by JFS. JFS and CARS Nonprofit believe that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the consolidated financial statements.

CARS is a Delaware corporation subject to federal and state income taxes on its net earnings. Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of current taxes totaling \$20,200 and \$142,407 for the years ended June 30, 2014 and 2013, respectively. Prepaid income taxes totaled \$22,302 and \$67,836 at June 30, 2014 and 2013, respectively.

The Organization files informational returns in the United States and various state and local jurisdictions. These returns are subject to examination by the Internal Revenue Service, generally for 3 years after the returns are filed. With few exceptions, the Organization returns are no longer subject to U.S. Federal, state or local tax examination by tax authorities for years before 2011.

Subsequent Events

The Organization has evaluated subsequent events through March 30, 2015, which is the date the consolidated financial statements were available to be issued.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2014 and 2013 (Restated)

Note 3 – Grants and Contracts Receivable

Grants and contracts receivable consist of the following at June 30:

	2014	2013
County of San Diego	\$ 430,088	\$ 432,338
Conference on Jewish Material Claims Against Germany, Inc.	247,474	277,355
County of Riverside	244,580	202,207
Hebrew Immigrant Aid Society	123,458	134,164
CVAG- Coachella Valley Association of Governments	99,618	92,043
San Diego Association of Governments	67,701	40,644
Catholic Charities	58,502	56,826
Social Advocates for Youth	27,300	11,550
Napa County Office of Education	12,457	42,631
Grossmont Healthcare District	10,000	-
South Bay Community Services	7,200	7,200
Other grants and contracts	-	81,329
Total Grants and Contracts Receivable	<u>\$ 1,328,378</u>	<u>\$ 1,378,287</u>

Note 4 – Unconditional Promises to Give

Unconditional promises to give consist of the following at June 30:

	2014	2013
Due in less than one year	\$ 2,415,368	\$ 2,583,554
Due in one to five years	3,413,580	4,013,029
Due in over five years	74,289	74,286
	5,903,237	6,670,869
Less: Discount to present value	(160,864)	(105,518)
Less: Allowance for doubtful accounts	(926,269)	(926,584)
Total	<u>\$ 4,816,104</u>	<u>\$ 5,638,767</u>

The unconditional promises to give have been discounted to their net present value using a discount rate of 2.65%.

Note 5 – Related Party Transaction

In March 2012, Jewish Family Service of San Diego made a loan to its Executive Director totaling \$65,625. The loan is payable in monthly installments of \$498 including interest at 1.50%. In addition, in accordance with the agreement, Jewish Family Service of San Diego will forgive \$5,000 of the loan balance for each year that the Executive Director is employed. If the Executive Director's employment is terminated for any reason before the loan is fully repaid, the loan plus any accrued interest must be paid in full within one hundred twenty (120) days. Jewish Family Service of San Diego has a security interest in the purchased property. The balance of loan totaled \$43,658 and \$53,884 at June 30, 2014 and 2013, respectively, and is included in loans receivable.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2014 and 2013 (Restated)

Note 6 – Investments

The Organization has an investment committee that has established an investment policy. It is the Organizations' policy to diversify all investment portfolios. The investment committee reviews and evaluates the risk within the investment portfolios, nevertheless, those portions of the investment portfolios consisting of holdings in equity securities and debt instruments are exposed to market price volatility in the stock and bond markets and are therefore, inherently at risk.

The Organization maintains its investments at Jewish Community Foundation and in State of Israel Bonds. The funds held at Jewish Community Foundation are invested in investment pools or are held as cash until invested in an investment pool. The Short Term Pool is a cash equivalent pool that seeks principal preservation by investing in certificates of deposit, securities issued or guaranteed by the U.S. government and other cash equivalents. The Mid Term Pool invests 20% in domestic and international equities, 75% in fixed income, and 5% in real assets. The Long Term Pool invests 55% in domestic and international equities, 38% in fixed income and 7% in real assets consisting of REITS and/or commodities. The Endowment Pool invests 50% in domestic and international equities, 10% in fixed income, 10% in real assets consisting of private real estate, REITS and/or commodities and 30% in multi-strategy investments including fund of funds investments.

The following table summarizes assets measured at fair value by classifications within the fair value hierarchy as of June 30:

Assets at Fair Value as of June 30, 2014				
	Level 1	Level 2	Level 3	Total
Cash	\$ 47	\$ -	\$ -	\$ 47
Bond funds	12,805	-	-	12,805
Equity funds	18,991	-	-	18,991
Short Term Pool	-	1,136,567	-	1,136,567
Mid Term Pool	-	185,350	-	185,350
Long Term Pool	-	5,470,582	-	5,470,582
Endowment Pool	-	4,476,402	-	4,476,402
State of Israel Bonds	-	1,000	-	1,000
	<u>\$ 31,843</u>	<u>\$ 11,269,901</u>	<u>\$ -</u>	<u>\$ 11,301,744</u>
Assets at Fair Value as of June 30, 2013				
	Level 1	Level 2	Level 3	Total
Short Term Pool	\$ -	\$ 2,240,450	\$ -	\$ 2,240,450
Mid Term Pool	-	175,198	-	175,198
Long Term Pool	-	6,301,030	-	6,301,030
Endowment Pool	-	2,259,411	-	2,259,411
State of Israel Bonds	-	1,000	-	1,000
	<u>\$ -</u>	<u>\$ 10,977,089</u>	<u>\$ -</u>	<u>\$ 10,977,089</u>

The following table summarizes investment income as of June 30:

	2014	2013
Dividends and interest	\$ 268,113	\$ 405,153
Unrealized gains	1,775,668	378,634
Realized gains	211,878	518,667
Investment fees	<u>(54,090)</u>	<u>(57,787)</u>
	<u>\$ 2,201,569</u>	<u>\$ 1,244,667</u>

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2014 and 2013 (Restated)

Note 7 – Land, Buildings and Equipment

Land, buildings and equipment consist of the following at June 30:

	2014	2013
Land	\$ 4,023,335	\$ 4,023,335
Buildings and Improvements	7,534,899	7,377,384
Furniture and Equipment	1,630,677	1,139,564
Vehicles	207,306	191,618
Construction in Progress	584,453	113,184
Total Land, Buildings, and Equipment	13,980,670	12,845,085
Accumulated Depreciation	(2,987,605)	(2,689,290)
Land, Buildings, and Equipment, net	\$ 10,993,065	\$ 10,155,795

Capitalized interest of \$66,544 was included in Buildings and Improvements for the year ended June 30, 2014.

Note 8 – Beneficial Interests

The Organization has a beneficial interest in assets held at Comerica Bank, Jewish Community Foundation and JFS Foundation.

In 2013, JFS transferred funds to the JFS Foundation. These investments are part of the endowment fund (see Note 12). JFS Foundation invested the transferred funds in Jewish Community Foundation and the money is pooled with other assets managed by Jewish Community Foundation. Under the terms of the agreement, JFS Foundation will make regular distributions to JFS as determined by the JFS Foundation board of directors.

The following table summarizes assets measured at fair value by classifications within the fair value hierarchy as of June 30:

	Assets at Fair Value as of June 30, 2014			
	Level 1	Level 2	Level 3	Total
Cash and Money Market	\$ 7,776	\$ -	\$ -	\$ 7,776
Equity	112,767	-	-	112,767
Fixed Income	24,886	-	-	24,886
Endowment Pool	-	3,109,902	-	3,109,902
Long Term Pool	-	4,775,603	-	4,775,603
	\$ 145,429	\$ 7,885,505	\$ -	\$ 8,030,934

JEWISH FAMILY SERVICE OF SAN DIEGO**Notes to Consolidated Financial Statements**

Years Ended June 30, 2014 and 2013 (Restated)

Note 8 – Beneficial Interests, continued

	Assets at Fair Value as of June 30, 2013			
	Level 1	Level 2	Level 3	Total
Cash and Money Market	\$ 8,588	\$ -	\$ -	\$ 8,588
Equity	103,354	-	-	103,354
Fixed Income	22,886	-	-	22,886
Endowment Pool	-	573,142	-	573,142
Long Term Pool	-	5,990,992	-	5,990,992
	<u>\$ 134,828</u>	<u>\$ 6,564,134</u>	<u>\$ -</u>	<u>\$ 6,698,962</u>

JFS obtained donor approval for all donor restricted funds that were transferred to JFS Foundation and net asset classifications were unchanged by the transfer of funds. The following is a schedule of activity for the years ended June 30:

	2014	2013
Board Designated:		
Balance, beginning of year	\$ 4,449,996	\$ -
Transfer from JFS	187,701	4,312,424
Distributions to JFS	(459,740)	-
Net earnings	645,738	137,572
Balance, end of year	<u>4,823,695</u>	<u>4,449,996</u>
Temporarily Restricted:		
Balance, beginning of year	341,640	-
Transfer from JFS	42,557	237,018
Distributions to JFS	(219,667)	-
Net earnings	371,282	104,622
Balance, end of year	<u>535,812</u>	<u>341,640</u>
Permanently Restricted:		
Balance, beginning of year	1,907,326	186,054
Transfer from JFS	740,511	1,703,447
Distributions to JFS	-	-
Net earnings	23,590	17,825
Balance, end of year	<u>2,671,427</u>	<u>1,907,326</u>
Total Beneficial Interest	<u>\$ 8,030,934</u>	<u>\$ 6,698,962</u>

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2014 and 2013 (Restated)

Note 9 – Note Payable

Note payable consists of the following at June 30:

	<u>2014</u>	<u>2013</u>
Note payable to City National Bank in the original amount of \$4,000,000 (\$1,600,000 drawn as of June 30, 2013). Interest is payable monthly at 2.65%, due December 31, 2017. Secured by real property.	\$ <u>1,600,000</u>	\$ <u>1,600,000</u>

Future principal payments on the note payable as of June 30, 2014 are as follows:

<u>Years Ending June 30,</u>	
2015	\$ -
2016	-
2017	-
2018	<u>1,600,000</u>
	\$ <u><u>1,600,000</u></u>

Note 10 – Deferred Compensation

JFS has deferred compensation agreements with a former and current executive employee. The plan provides for annual contributions to investment accounts held at Charles Schwab set aside for this purpose. Contributions totaled \$30,000 and zero for the years ended June 30, 2014 and 2013, respectively and are included in employee benefits in the consolidated statements of functional expenses. The deferred compensation liability totaled \$354,663 and \$312,865 at June 30, 2014 and 2013, respectively, and is fully funded at June 30, 2014 and 2013. The corresponding assets are included in investments in the Short Term Pool and Mid Term Pool held at Jewish Community Foundation and in a Charles Schwab account at June 30, 2014 and 2013.

Note 11 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2014</u>	<u>2013</u>
Grants and Contributions with time and purpose restrictions	\$ 6,985,750	\$ 8,022,314
Capital Campaign	3,029,447	937,501
Unappropriated endowment earnings	609,139	348,213
Hebrew Free Loan Assistance (HFLA)	65,000	76,278
Rubenstein Scholarship fund	2,303	25,105
Total Temporarily Restricted Net Assets	\$ <u><u>10,691,639</u></u>	\$ <u><u>9,409,411</u></u>

Note 12 – Endowment Net Assets

The Organizations' endowment consists of individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions. The Organization holds and manages the general endowment fund, with the remaining funds held and managed by others.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2014 and 2013 (Restated)

Note 12 – Endowment Net Assets, continued

JFS Managed Funds

The Organization has interpreted the enacted version of the Uniform Prudent Management of Institutional funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment (2) the original value of subsequent gifts donated to the permanent endowment (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were two funds with such deficiencies as of June 30, 2014 and 2013.

The Organization has adopted investment and spending policies for endowment funds that:

1. Protect the invested assets
2. Preserve spending capacity of the fund income
3. Maintain a diversified portfolio of assets that meet investment return objectives while keeping risk at a minimal level
4. Comply with applicable laws

The Organizations' endowment funds are invested at Jewish Community Foundation in a portfolio of equity and debt securities which is structured for long-term total return.

The Organizations' spending policy is to disburse funds available in accordance with donor restrictions to meet the current program needs of the Organization.

Beneficial Interests

The beneficial interests are held by JFS Foundation, invested in Jewish Community Foundation, and Comerica Bank (the Bank) and are managed in accordance with UPMIFA. The investment objectives are to maintain the purchasing power (real value) of the endowment funds. However, from time to time, the fair value of the assets in the endowment fund may fall below the level that the donors require be retained as a fund of perpetual duration. JFS classifies permanently restricted net assets held by JFS Foundation and the Bank as:

1. The original value of gifts donated to the fund
2. The original value of the Organizations' funds transferred to the fund
3. The original value of subsequent gifts donated to the fund
4. Investment income and realized and unrealized gains and losses on investments
5. Distributions from the fund in accordance with the spending policy

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2014 and 2013 (Restated)

Note 12 – Endowment Net Assets, continued

JFS Foundation and the Bank have adopted investment and spending policies for endowment funds that:

1. Protect the invested assets
2. Preserve spending capacity of the fund income
3. Maintain a diversified portfolio of assets that meet investment return objectives while keeping risk at a moderate level
4. Comply with applicable laws

JFS Foundation endowment funds are invested in Jewish Community Foundation in a portfolio of equity and debt securities which is structured for long-term total return. The endowment funds held at Comerica Bank are invested in a balanced portfolio including cash and cash equivalents, equities and fixed income securities.

The Organizations' spending policy is to disburse 5% annually, based upon endowment principal market value. If the market value of the Endowment Principal of any fund, at the end of each month, is less than the initial value of all contributions made to the Endowment Principal, then distributions will be limited to interest and dividends received. Given the recent market declines, many of JCF's endowment fund distributions will be limited. The Bank's spending policy is to distribute 5% annually.

Endowment composition by type of fund as of June 30:

	2014			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor Restricted Funds	\$ (34,533)	\$ 604,139	\$ 3,057,450	\$ 3,627,056
Board Designated Funds	<u>4,823,695</u>	<u>-</u>	<u>-</u>	<u>4,823,695</u>
	<u>\$ 4,789,162</u>	<u>\$ 604,139</u>	<u>\$ 3,057,450</u>	<u>\$ 8,450,751</u>

	(Restated) 2013			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor Restricted Funds	\$ (53,120)	\$ 424,570	\$ 2,843,966	\$ 3,215,416
Board Designated Funds	<u>4,449,996</u>	<u>-</u>	<u>-</u>	<u>4,449,996</u>
	<u>\$ 4,396,876</u>	<u>\$ 424,570</u>	<u>\$ 2,843,966</u>	<u>\$ 7,665,412</u>

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2014 and 2013 (Restated)

Note 12 – Endowment Net Assets, continued

Changes in endowment net assets are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets at June 30, 2012	\$ (75,946)	\$ 135,898	\$ 2,302,366	\$ 2,362,318
Contributions	4,312,424	101,609	541,600	4,955,633
Net realized and unrealized gains	160,398	195,543	-	355,941
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(8,480)</u>	<u>-</u>	<u>(8,480)</u>
Endowment Net Assets at June 30, 2013	4,396,876	424,570	2,843,966	7,665,412
Contributions	187,701	100	213,484	401,285
Net realized and unrealized gains	664,325	418,491	-	1,082,816
Appropriation of endowment assets for expenditure	<u>(459,740)</u>	<u>(239,022)</u>	<u>-</u>	<u>(698,762)</u>
Endowment Net Assets at June 30, 2014	<u>\$ 4,789,162</u>	<u>\$ 604,139</u>	<u>\$ 3,057,450</u>	<u>\$ 8,450,751</u>

Note 13 – Retirement Plan

JFS has established a 401(k) retirement plan (Plan) covering all full-time and half-time employees. The Plan allows for employee contributions to the Plan up to the maximum amount allowed by the Internal Revenue Code if they wish beginning on their hire date. JFS made a 3% safe harbor contribution and a discretionary match for the year ended June 30, 2014. Employees are eligible to participate in JFS's contribution if they are 21 years of age and have completed 1 year of service and 975 hours of service during the Plan year. JFS contributed \$300,583 and \$276,628 to plan for the years ended June 30, 2014 and 2013, respectively.

Note 14 – Commitments

Facility Operating Leases

JFS leases office facilities under lease agreements expiring through June 2017. Rent expense for the office facilities totaled \$492,053 and \$624,229 for the years ended June 30, 2014 and 2013, respectively.

CARS and CARS Nonprofit leased office facilities under a lease agreements that expire in September 2018. Rent expense for the office facilities totaled \$116,310 and \$95,460 for the years ended June 30, 2014 and 2013, respectively.

The following is a schedule of minimum lease payments under the leases:

<u>Years Ending June 30,</u>	
2015	\$ 201,192
2016	146,029
2017	143,324
2018	125,313
2019	34,450
	<u>\$ 650,308</u>

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2014 and 2013 (Restated)

Note 15 – Prior Period Restatement

During 2014 it was noted that earnings on and transfers of temporarily restricted net assets were improperly classified as permanently restricted net assets. In addition, board designated endowment funds were incorrectly reported as permanently restricted net assets. The adjustment to make correction had no effect on total change in net assets or total net assets.

The following summarizes the changes to the June 30, 2013 statement of activities:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Contributions (as previously stated)	\$ 5,452,513	\$ 5,524,641	\$ 530,805	\$ 11,507,959
Restatement	<u>(777,794)</u>	<u>766,999</u>	<u>10,795</u>	<u>-</u>
Contributions (as restated)	<u>\$ 4,674,719</u>	<u>\$ 6,291,640</u>	<u>\$ 541,600</u>	<u>\$ 11,507,959</u>
Investment income (as previously stated)	\$ 541,426	\$ 402,508	\$ 300,733	\$ 1,244,667
Restatement	<u>180,370</u>	<u>120,363</u>	<u>(300,733)</u>	<u>-</u>
Investment income (as restated)	<u>\$ 721,796</u>	<u>\$ 522,871</u>	<u>\$ -</u>	<u>\$ 1,244,667</u>
Distributions (as previously stated)	\$ -	\$ -	\$ (13,480)	\$ (13,480)
Restatement	<u>-</u>	<u>-</u>	<u>13,480</u>	<u>13,480</u>
Distributions (as restated)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Transfers of net assets (as previously stated)	\$ -	\$ (2,034,146)	\$ 4,462,221	\$ 2,428,075
Restatement	<u>-</u>	<u>2,034,146</u>	<u>(4,462,221)</u>	<u>(2,428,075)</u>
Transfers of net assets (as restated)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net assets released from restrictions (as previously stated)	\$ 3,014,925	\$ (3,001,445)	\$ -	\$ 13,480
Restatement	<u>276,733</u>	<u>(290,213)</u>	<u>-</u>	<u>(13,480)</u>
Net assets released from restrictions (as restated)	<u>\$ 3,291,658</u>	<u>\$ (3,291,658)</u>	<u>\$ -</u>	<u>\$ -</u>

Although the June 30, 2013 allocation of net assets between unrestricted, temporarily restricted, and permanently restricted changed, the total June 30, 2013 net assets remains unchanged by the restatement.

SUPPLEMENTAL INFORMATION



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

To the Board of Directors of
Jewish Family Service of San Diego

We have audited, in accordance with the auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards* issues by the Comptroller General of the United States, the consolidated financial statements of Jewish Family Service of San Diego (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 30, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Jewish Family Service of San Diego'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jewish Family Service of San Diego's internal control. Accordingly, we do not express an opinion on the effectiveness of the Jewish Family Service of San Diego'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jewish Family Service of San Diego's consolidated financial statements are free of 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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

AKT LLP

San Diego, California
March 30, 2015

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of
Jewish Family Service of San Diego

Report on Compliance for Each Major Federal Program

We have audited Jewish Family Service of San Diego's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Jewish Family Service of San Diego's major federal program for the year ended June 30, 2014. Jewish Family Service of San Diego's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Jewish Family Service of San Diego's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jewish Family Service of San Diego's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Jewish Family Service of San Diego complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of Jewish Family Service of San Diego is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jewish Family Service of San Diego's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jewish Family Service of San Diego's internal control over compliance.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

AKT LLP

San Diego, California
March 30, 2015

JEWISH FAMILY SERVICE OF SAN DIEGO

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2014

Federal Grants/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
Pass-through Program From:		
Community Development Block Grants/Entitlement Grants:		
Riverside County Economic Development Agency	14.218	\$ 51,500
Cathedral City		66,000
Supportive Housing Program		
Riverside County Department of Public Social Service	14.235	1,056,393
Total U.S. Department of Housing and Urban Development		<u>1,173,893</u>
<u>U.S. Department of State</u>		
Pass-through Program From:		
U.S. Refugee Admissions Program:		
Hebrew Immigrant Aid Society	19.510	785,159
Total U.S. Department of State		<u>785,159</u>
<u>U.S. Department of Transportation:</u>		
Transit Services Program Cluster:		
Pass-Through Programs From:		
New Freedom Program:		
San Diego Association of Governments	20.521	26,538
Total Transit Services Program Cluster		<u>26,538</u>
Total U.S. Department of Transportation		<u>26,538</u>
<u>U.S. Department of Health and Human Services:</u>		
Aging Cluster:		
Pass-Through Program From:		
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers:		
County of San Diego	93.044	23,179
Special Programs for the Aging, Title III, Part C, Nutrition Services:		
County of San Diego	93.045	219,234
Nutrition Services Incentive Program:		
County of San Diego	93.053	33,371
Total Aging Cluster		<u>275,784</u>

JEWISH FAMILY SERVICE OF SAN DIEGO

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2014

U.S. Department of Health and Human Services, continued

Pass-Through Programs From:

National Family Caregiver Support, Title III, Part E:		
County of San Diego	93.052	93,315
Refugee and Entrant Assistance, State Administered Programs:		
Catholic Charities	93.566	171,393
Refugee and Entrant Assistance, Discretionary Grants:		
Hebrew Immigrant Aid Society	93.576	140,943
Refugee and Entrant Assistance, Wilson/Fish Program:		
Catholic Charities	93.583	114,920
Refugee and Entrant Assistance, Targeted Assistance Grants:		
Catholic Charities	93.584	<u>121,171</u>
Total U.S. Department of Health and Human Services		<u>641,742</u>

Corporation of National and Community Service

Pass-Through Programs From:

Napa County Office of Education	94.006	<u>104,589</u>
Total Corporation of National and Community Service		<u>104,589</u>

U.S. Department of Homeland Security

Pass-Through Programs From:

Citizenship Education and Training:		
Hebrew Immigrant Aid Society	97.010	32,083
United Way of America:		
Emergency Food and Shelter National Board Program:		
United way of America	97.024	<u>26,097</u>
Total U.S. Department of Homeland Security		<u>58,180</u>

 Total Expenditures of Federal Awards \$ 3,065,885

JEWISH FAMILY SERVICE OF SAN DIEGO
Note to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Note 1 – Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Jewish Family Service of San Diego and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

JEWISH FAMILY SERVICE OF SAN DIEGO
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Section I – Summary of Auditors’ Results

Consolidated Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:
Significant deficiency(ies) identified? ___yes X_none identified
Material weakness(es) identified? ___yes X_no

Noncompliance material to the consolidated financial statements noted? ___yes X_no

Federal Awards

Internal control over major programs:
Significant deficiency(ies) identified? ___yes X_none identified
Material weakness(es) identified? ___yes X_no

Type of auditors’ report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? ___yes X_no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.235	Supportive Housing Program: Riverside County Department of Public Social Service
19.510	U.S. Refugee Admissions Program: Hebrew Immigrant Aid Society

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? X_yes ___no

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Prior Year Findings

None