



JEWISH FAMILY SERVICE OF SAN DIEGO

Consolidated Financial Statements and Supplemental Information

Years Ended June 30, 2015 and 2014



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Table of Contents

	Page
Independent Auditors' Report	1
Consolidated Financial Statements:	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	6
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9
Supplemental Information:	
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 <i>Government Auditing Standards</i>	31
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	32
Schedule of Expenditures of Federal Awards	34
Note to Schedule of Expenditures of Federal Awards	36
Schedule of Findings and Questioned Costs	37

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 (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Our audits were 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 November XX, 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
December 15, 2015

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

June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents (Note 2)	\$ 3,743,770	\$ 5,126,643
Accounts receivable, net of allowance for doubtful accounts of \$50,387 (2015) and \$47,991 (2014) (Note 2)	1,368,005	729,001
Grants and contracts receivable (Note 3)	1,433,942	1,328,378
Loans receivable, net of allowance of \$5,811 (2015 and 2014)	51,950	55,225
Prepaid expenses and other assets	334,448	223,473
Unconditional promises to give, net (Note 4)	3,264,929	4,816,104
Investments (Note 6)	10,666,248	11,301,744
Land, buildings and equipment, net (Note 7)	13,238,283	10,993,065
Beneficial interests in endowment funds (Note 8)	7,875,801	8,030,934
Total Assets	<u>\$ 41,977,376</u>	<u>\$ 42,604,567</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 1,023,031	\$ 885,311
Accrued expenses	2,278,254	2,096,273
Unearned revenue (Note 2)	286,879	275,620
Note payable (Note 9)	2,600,000	1,600,000
Deferred compensation (Note 10)	353,961	354,663
Total Liabilities	6,542,125	5,211,867
Net Assets:		
Unrestricted:		
Operating	19,936,301	18,819,916
Board designated	4,588,661	4,823,695
Total Unrestricted	<u>24,524,962</u>	<u>23,643,611</u>
Temporarily restricted	7,283,524	10,691,639
Permanently restricted	3,626,765	3,057,450
Total Net Assets	<u>35,435,251</u>	<u>37,392,700</u>
Total Liabilities and Net Assets	<u>\$ 41,977,376</u>	<u>\$ 42,604,567</u>

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

Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenue:				
Grants and contracts	\$ 8,903,048	\$ -	\$ -	\$ 8,903,048
Contributions	3,717,689	1,816,171	569,315	6,103,175
Charitable auto sales and fees	4,289,721	-	-	4,289,721
Program revenue	1,062,170	-	-	1,062,170
Fees and other revenue	175,948	-	-	175,948
Investment income	8,334	8,723	-	17,057
Loss on disposal of property	(1,384,141)	-	-	(1,384,141)
Net assets released from restrictions	5,233,009	(5,233,009)	-	-
Total Support and Revenue	22,005,778	(3,408,115)	569,315	19,166,978
Expenses:				
Program services:				
Jewish Family Service	15,117,375	-	-	15,117,375
Charitable Auto Resources, Inc.	127,144	-	-	127,144
Charitable Adult Rides & Services, Inc.	2,043,909	-	-	2,043,909
Total Program Services	17,288,428	-	-	17,288,428
Supporting services:				
General and administrative	1,579,401	-	-	1,579,401
Fundraising	2,255,801	-	-	2,255,801
Total Supporting Services	3,835,202	-	-	3,835,202
Total Expenses	21,123,630	-	-	21,123,630
Change in Net Assets before Income Taxes	882,148	(3,408,115)	569,315	(1,956,652)
Provision for Income Taxes	(797)	-	-	(797)
Change in Net Assets	881,351	(3,408,115)	569,315	(1,957,449)
Net Assets, Beginning	23,643,611	10,691,639	3,057,450	37,392,700
Net Assets, Ending	\$ <u>24,524,962</u>	\$ <u>7,283,524</u>	\$ <u>3,626,765</u>	\$ <u>35,435,251</u>

See accompanying notes to consolidated financial statements.

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
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>

See accompanying notes to consolidated financial statements.

JEWISH FAMILY SERVICE OF SAN DIEGO
Consolidated Statement of Functional Expenses
Year Ended June 30, 2015

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and Related Expenses:				
Salaries and wages	\$ 9,336,303	\$ 627,133	\$ 1,201,325	\$ 11,164,761
Payroll taxes	761,558	50,146	94,524	906,228
Employee benefits	<u>1,420,905</u>	<u>106,668</u>	<u>150,471</u>	<u>1,678,044</u>
Total Salaries and Related Expenses	11,518,766	783,947	1,446,320	13,749,033
Non-salary Related Expenses:				
Advertising and promotion	580,685	98	140,417	721,200
Bad debts (recoveries)	9,907	-	(140,489)	(130,582)
Bank fees and payroll processing	65,431	15,299	25,883	106,613
Computer software	90,751	5,598	36,161	132,510
Conferences and meetings	5,684	1,104	15,457	22,245
Consultants	87,225	44,802	20,722	152,749
Depreciation	360,857	21,883	57,857	440,597
Emergency assistance	757,590	-	-	757,590
Equipment rental and expense	201,333	12,348	25,515	239,196
Fundraising	-	-	128,978	128,978
Holocaust home care	271,222	-	-	271,222
Insurance	158,680	65,908	5,354	229,942
Legal, accounting and audit	58,419	219,244	18,231	295,894
Memberships and subscriptions	35,577	29,894	6,937	72,408
Miscellaneous	33,998	5,344	6,230	45,572
Office and computer supplies	74,231	5,065	9,668	88,964
Postage	41,042	5,526	23,477	70,045
Printing	50,010	611	60,480	111,101
Professional fees	244,945	244,799	205,805	695,549
Program expenses	711,182	58	2,753	713,993
Property and other taxes	12,341	11,655	3,830	27,826
Rent	640,550	20,096	21,921	682,567
Repairs and maintenance	171,412	6,776	12,545	190,733
Staff development	51,230	8,659	5,107	64,996
Subcontractor fees	54,727	2,500	357	57,584
Telephone	183,223	17,547	23,889	224,659
Transportation service	299,307	220	248	299,775
Travel, entertainment, and transportation	302,786	39,242	77,144	419,172
Utilities	<u>215,317</u>	<u>11,178</u>	<u>15,004</u>	<u>241,499</u>
Total Non-salary Related Expenses	<u>5,769,662</u>	<u>795,454</u>	<u>809,481</u>	<u>7,374,597</u>
Total Functional Expenses	<u>\$ 17,288,428</u>	<u>\$ 1,579,401</u>	<u>\$ 2,255,801</u>	<u>\$ 21,123,630</u>

See accompanying notes to consolidated financial statements.

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	<u>1,366,167</u>	<u>66,648</u>	<u>108,082</u>	<u>1,540,897</u>
Total Salaries and Related Expenses	11,103,629	673,224	1,177,785	12,954,638
Non-salary 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/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	<u>217,593</u>	<u>11,251</u>	<u>11,678</u>	<u>240,522</u>
Total Non-salary 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>

See accompanying notes to consolidated financial statements.

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

Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (1,957,449)	\$ 2,311,320
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	437,597	391,228
Loss on disposal of property	1,384,941	5,533
Net realized and unrealized (gain) loss on investments	381,343	(1,978,399)
Changes in operating assets and liabilities:		
Accounts receivable, net	(639,004)	27,326
Grants and contracts receivable	(105,564)	49,909
Prepaid expenses and other assets	(110,975)	111,145
Unconditional promises to give, net	1,551,175	822,663
Accounts payable	137,720	296,130
Accrued expenses	181,981	(159,997)
Unearned revenue	11,259	(37,960)
Deferred compensation	(702)	41,798
Net Cash Provided by Operating Activities	<u>1,272,322</u>	<u>1,880,696</u>
Cash Flows from Investing Activities:		
Loan payments received	3,275	50,958
Purchase of investments	(346,179)	(1,924,117)
Sales of investments	776,006	2,653,570
Proceeds from sale of land, buildings and equipment	9,995	-
Purchase of land, buildings and equipment	(4,077,751)	(1,234,031)
Change in beneficial interests in endowment funds	(20,541)	(407,681)
Net Cash Used by Investing Activities	<u>(3,655,195)</u>	<u>(861,301)</u>
Cash Flows Provided by Financing Activities:		
Proceeds from note payable	<u>1,000,000</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,382,873)	1,019,395
Cash and cash equivalents, beginning	<u>5,126,643</u>	<u>4,107,248</u>
Cash and cash equivalents, ending	<u>\$ 3,743,770</u>	<u>\$ 5,126,643</u>
Supplemental Disclosures of Cash Flow Information:		
Capitalized interest	<u>\$ 42,987</u>	<u>\$ 66,544</u>
Cash paid for income taxes	<u>\$ 1,387</u>	<u>\$ 42,502</u>

See accompanying notes to consolidated financial statements.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2015 and 2014

Note 1 - Organization

Jewish Family Service of San Diego (JFS) is a California 501(c)(3) nonprofit organization 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 ten locations throughout San Diego County and two facilities serving the Coachella Valley along with forty-three Housing and Urban Development (HUD) apartments. From its early grassroots origins, the agency now serves over 25,000 people annually.

Jewish Family Service of San Diego is a client-centered, impact-driven organization. Our mission is to build a stronger, healthier, more resilient community by empowering individuals and families to move toward self-sufficiency, supporting aging with dignity, and fostering community connection and engagement.

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, 2015 and 2014, 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. Jewish Family Service is a client-centered, impact-driven organization providing integrated services that move individuals and families toward self-sufficiency as well as fostering community across the lifespan. Our services encompass three areas: Self-sufficiency, Aging with Dignity, Community Connection and Engagement. 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, 2015 and 2014

Note 1 - Organization, continued

JFS operates the following programs in three divisions: Self-Sufficiency, Aging with Dignity, and Community Connection and Engagement:

SELF-SUFFICIENCY

Breast Cancer Case Management - Breast Cancer Case Management (BCCM) works with clients to increase access to resources to support the physical, mental, financial, and social wellbeing during all stages of diagnosis, treatment, and recovery. The only program of its kind in San Diego County, BCCM utilizes an intensive medical case management model. The case manager meets with women in the comfort of their own homes to provide emotional support, resource coordination, financial assistance, and help navigating the healthcare system throughout the course of treatment. Women with adequate support services already in place are able to access financial support services to help address the economic impact of a breast cancer diagnosis, and to ensure that they and their families can weather the financial impact of treatment and recovery. In 2014-2015, 75 patients received a home visit from a breast cancer case manager. \$50,000 in financial assistance was provided to patients to maintain shelter, food, transportation, and other basic or treatment-related needs. 95% of women who enrolled in the program received assistance through direct service, referrals, and/or advocacy that decreased barriers to crucial services such as housing, food, medical/mental healthcare, social support, financial assistance, and financial education.

Community Case Management - For more than 15 years, Community Case Management (CCM) has provided critical assistance to individuals and families in crisis to help them improve their standard of living, prevent reoccurring crises, and increase self-sufficiency. CCM case managers work in partnership with clients to strengthen their skills for financial stability as well as their emotional, physical, social, and spiritual health by developing personalized action plans to address financial challenges, mental health and medical issues, lack of support systems, and other basic needs. CCM provides emergency food, financial assistance, and referrals for housing, legal, and health resources, if needed, and works closely with other JFS services, including Hand Up Youth Food Pantry, Counseling, Employment and Career Services, Ways to Work, and Aging & Wellness Services.

In 2014-2015, CCM served 239 adults and families. The typical client was a woman in her early fifties, living alone, with annual income of approximately \$14,500. Clients ranged in age from their mid-twenties to their early eighties; included families with one to five children, military personnel, and people who were unemployed as well as those employed. Last fiscal year, 98% of clients had incomes below the Federal Poverty Level; 19% were age 18-35, 52% were 35-60, and 29% were over 60.

Clinical Counseling – JFS provides individual and group counseling for children, teens, adults, couples, and families. Our therapists specialize in working with people suffering from mood and anxiety disorders, survivors of violence, and older adults with issues related to the aging process. Therapists work in partnership with clients to strengthen coping skills, build strategies to overcome disorders such as depression and anxiety, and increase self-sufficiency. Clinical Counseling at JFS increases psychological well-being and supports individual resilience throughout the lifespan. Clinical Counseling works closely with other JFS programs, such as Community Case Management, Employment and Career Services, and Aging & Wellness Services, to remove practical barriers to treatment and to increase independence.

In 2014-2015, Clinical Counseling served 384 individuals through 2,162 psychotherapy sessions and 132 group sessions. Follow-up assessments indicate that 73% of Clinical Counseling clients have improved their mental health functioning since beginning therapy at JFS.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2015 and 2014

Note 1 - Organization, continued

SELF-SUFFICIENCY, continued

Desert Vista Permanent Supportive Housing - Desert Vista Permanent Supportive Housing is the only program of its kind in the Coachella Valley specifically targeting chronically homeless and individuals with disabilities and provides both housing and intensive support to permanently disabled, homeless individuals in Riverside County. Clients go directly from the streets and emergency shelters into JFS Desert Vista and Desert Horizon apartments located in the Western Coachella Valley. The Desert Vista and Desert Horizon sites have a combined capacity to serve up to 58 chronically homeless men and women. The program's purpose is to provide permanent housing and comprehensive services to men and women whose homelessness is exacerbated by a range of barriers to remaining in independent housing. In the last fiscal year, 85% of Desert Vista and Desert Horizon clients maintained or increased their incomes, far exceeding the program goal of 55%. Additionally, 91% of our clients remained in permanent housing for a minimum of 180 days, surpassing our housing stability goal of 80%.

Employment & Career Services - Employment & Career Services (ECS) assists unemployed and underemployed individuals in San Diego County through its newly developed Career Kick-Start program. Career Kick-Start provides comprehensive job search assistance, including employment case management, job referrals, and access to networking opportunities. Career Kick-Start provides the tools to find meaningful and fulfilling employment that leads to self-sufficiency. ECS also operates the federally funded Senior Community Service Employment Program (SCSEP) in San Diego County, providing community training placements and support to older workers with barriers to employment. SCSEP serves men and women 55 years old or older who have a family income at or below 125% of the federal poverty level. These clients have low employment prospects due to significant barriers in their lives, such as homelessness, intergenerational poverty, medical conditions, and disabilities.

In 2014-2015, 19 ECS-hosted workshops and educational programs assisted 270 individuals in improving their job search skills. These workshops included instruction on using LinkedIn, and specialized skills trainings for older adults seeking to return to the workforce. The Senior Community Service Employment Program (SCSEP) placed 68 older adult clients in paid community service training positions with employers in public and nonprofit sectors throughout San Diego County.

Family Connections - Family Connections combines the services of Supporting Jewish Single Parents (SJSP), Jewish BIGPals, and Pachie's Place. SJSP parents connect to other Jewish single parents and learn how to access vital community resources through networking, emotional and financial support, and advocacy. SJSP strengthens participants' sense of belonging to the Jewish community. Big Pals are caring adults who mentor children ages 6-16 from non-traditional or single-parent families. Big Pals help their Little Pals develop self-esteem, Jewish identity, and build lasting relationships that can change their perspective on the world. Pachie's Place supports parents by offering high-quality educational workshops and access to online parenting resources. Parents become more confident, knowledgeable, and connected to other parents.

In 2014-2015, SJSP supported and connected more than 300 Jewish single parents and their children to the Jewish community. Jewish BIGPals served 55 Jewish children from single-parent and/or non-traditional homes, and the majority (87%) of children in the program had parents that participated in SJSP. Pachie's Place served 60 parents involved in SJSP and BIGPals, as well as others from the community.

Girls Give Back - Teenage girls who participate in the Girls Give Back (GGB) program increase their leadership skills, resilience, self-confidence, and connection to the Jewish community by planning service projects that give back to San Diego in a positive way.

Girls Give Back teens participate in leadership development training over the summer, a daylong team-building retreat in the fall, and monthly meetings throughout the academic year. They learn about women's issues, meet with local leaders, and engage in advocacy, community outreach, event planning, and mentorship of younger girls to create positive social change for women and girls across San Diego.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2015 and 2014

Note 1 - Organization, continued

SELF-SUFFICIENCY, continued

In 2014-2015, Girls Give Back engaged 35 Jewish high school teens and 15 Jewish middle school teens and “tweens” annually from local high schools and middle schools. One-fourth of Girls Give Back teens receive financial assistance to help offset the cost of participating in the program. Participants represent diverse denominations of Judaism, including Orthodox, Modern Orthodox, Reform, and Secular (Jewish, but not religious), and come from a multitude of San Diego neighborhoods.

Hand Up Youth Food Pantry Holiday Program - San Diegans facing hunger come to the Hand Up Youth Food Pantry for nutritious food and other resources that alleviate their hunger, lower their stress levels, and help them to prepare healthy meals for themselves and their families. To help our clients celebrate important holidays in a dignified manner, the Hand Up Youth Food Pantry Holiday Program provides holiday-specific food items, like turkey and cranberries, around Thanksgiving and Passover. Holiday packages are provided to people who receive support from all JFS programs, including Geriatric Care Management, Community Case Management, Project SARAH, Foodmobile, Refugee Resettlement and Immigration Services, the Positive Parenting Program, and Supporting Jewish Single Parents (SJSP).

In April 2015, 284 Jewish households received packages containing kosher-for-Passover items. Volunteers from Temple Emanu-El’s Social Action Committee assembled the packages, and JFS staff and volunteers from the Jewish BigPals, Bikkur Holim, and Emerging Leaders programs delivered them to the community. Half of those who received Passover packages last fiscal year were older adults who were able to keep kosher for the duration of the Passover holiday as a result of this supplemental food they received.

In November 2015, 706 households received traditional Thanksgiving dinner items. Thirty volunteers assembled the Thanksgiving packages, and many more gave their time to deliver them to clients’ homes. In addition, members of Temple Solel donated over 280 assembled packages, along with gift cards and colorful greeting cards created by children at the synagogue.

Hand Up Teen Leadership Program - The teen participants in the Hand Up Teen Leadership Program improve their leadership skills, increase their confidence and resilience, identify as positive agents for change, build their awareness about the issues of hunger and food insecurity in San Diego, and increase their ability leadership roles in the community.

The teens advance the work of the Hand Up Youth Food Pantry, which distributes supplemental food and hygiene items to thousands of people in need across San Diego County. Hand Up teen leaders supervise volunteers in the food pantry and at military food distributions, deliver community educational presentations on food insecurity, raise funds, and participate in advocacy work to alleviate hunger.

In 2014-2015, teen leaders volunteered 1,577 hours, receiving the President’s Gold Volunteer Service Award, the nation’s premier recognition for volunteer service. They organized “Rock Out to Give Back,” which raised \$7,000; delivered five community presentations, met with elected officials in Sacramento to lobby for anti-hunger legislation; coordinated 37 community food drives; and sorted 1,000 pounds of donated food in the Hand Up Youth Food Pantry.

Hand Up Youth Food Pantry - San Diegans facing hunger come to the Hand Up Youth Food Pantry for nutritious food and other resources that alleviate their hunger, lower their stress levels, and help them to prepare healthy meals for themselves and their families. Along with food, staff provide valuable referrals to community resources as well as to JFS services, so clients can get the help they need to become more self-sufficient and food secure. With an emphasis on fresh produce and healthy food options, Hand Up distributes food at the Client Choice Pantry at its Kearny Mesa campus, at the College Avenue Social & Wellness Center, at St. Paul’s Cathedral, Murphy Canyon Military Housing, Camp Pendleton, and Chabad of Downtown, as well as via the JFS Foodmobile.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2015 and 2014

Note 1 - Organization, continued

SELF-SUFFICIENCY, continued

Hand Up provides supplemental food to anyone in need in San Diego County. Those we serve come from a wide array of backgrounds and life experiences. Among our clients are older adults living on fixed incomes, chronically and temporarily homeless individuals, families facing financial crises due to job loss or unexpected expenses, military families who have difficulty making ends meet in the San Diego economy, newly-arrived refugees, single parents with low incomes, people rebuilding their lives after leaving domestic violence situations, and individuals living with disabilities and chronic health conditions. Hand Up is one of the largest local pantries delivering food and hygiene items to active duty military families with low incomes. In 2014-2015, Hand Up served 6,708 individuals, including 757 active duty military families. Hand Up staff, and our dedicated volunteers, distributed the equivalent of 313,156 meals that included nutritious fresh produce, locally made bread, lean meats, locally caught tuna, as well as critical non-perishable food and hygiene items. In cooperation with the Hand Up Teen Leadership Program and community partners, Hand Up conducted 115 food drives, yielding 60,609 pounds of donated food -- 26% of the non-perishable foods that were distributed by the pantry last fiscal year.

Immigration Services - Widely recognized as a trusted provider in the community, JFS Immigration Services provide low income individuals and families with high-quality legal representation for a nominal fee. Immigration Services staff help clients identify and apply for available immigration benefits, such as citizenship, permanent residency or work eligibility. This helps them gain greater protection for themselves and their families, build self-sufficiency, and increase their civic engagement. The program connects clients to additional services according to their needs; last fiscal year, these included Refugee Resettlement, the Hand Up Youth Food Pantry, Breast Cancer Case Management, Project SARAH (Stop Abusive Relationships At Home), and Access JFS. Immigration Services staff also work to combat the unauthorized practice of immigration law (UPIL) by delivering educational presentations to increase public awareness.

In 2014-2015, the Immigration Services program helped 492 individuals throughout San Diego County and filed 165 citizenship/naturalization applications, 212 green card applications, 62 DACA applications and 49 other immigration applications. The broad range of clients includes adolescents and college age students applying for Deferred Action for Childhood Arrival (DACA); former refugee families applying for their green cards and/or citizenship; older adults in jeopardy of losing their social security benefits; and residents of the community who are seeking a more secure immigration benefit. The Prins Asylum program provides legal representation for professionals, such as musicians and doctors, seeking asylum due to persecution. The Prins Asylum program assisted 25 clients with asylum representation, and 40 with Cuban Adjustment applications.

Intensive Psychiatric Case Management - Since 2007, the Intensive Psychiatric Case Management (IPCM) program has connected Jewish adults with a serious mental illness to JFS case managers to focus on stabilization, socialization and overall functioning. IPCM is the only program in San Diego County that provides up to two hours a week of individualized support at the client's home or a location of his or her choice. JFS case managers established long-term, goal-oriented, positive relationships that assist clients in developing better coping skills, and independent living strategies. The case manager's ongoing assessment, advocacy, referrals, coordination of services, and supportive intervention maximizes each client's ability to function. This empowering relationship encourages long-term stabilization by offering consistent human connection.

IPCM serves Jewish individuals throughout San Diego County with severe and persistent mental health diagnoses. These individuals must be open to using medication, and capable of working with a case manager to establish long-term goals toward stabilization. In 2014-2015 IPCM served 56 people, many of whom live alone, have limited social support, and often experience frequent mental health hospitalizations. Mental health concerns affect individuals in all stages of life. In 2014-2015, 35% of IPCM clients were aged 21 to 40, 59% 41 to 64, and 6% were 65 and older.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2015 and 2014

Note 1 - Organization, continued

SELF-SUFFICIENCY, continued

Ladies Leadership Program – The Ladies' Leadership Program (LLP) aims to transform the lives of underserved young women who participate in this year-long, afterschool program at Stanley E. Foster School of Engineering, Innovation, and Design (EID) at Kearny High School. Girls account for just one quarter of the student body at EID. This program was designed to empower this group of underrepresented students to thrive as campus and community leaders. The program helps develop and increase academic knowledge, life skills, resilience, self-esteem, self-efficacy, positive peer relationships, and leadership abilities, to improve the likelihood of career success in STEM fields (Science, Technology, Engineering, and Mathematics).

Ladies' Leadership Program serves 35 high school students annually in grades 9-12. Over one-quarter (28%) of EID students are English learners, and 78% are economically disadvantaged and qualify for free or reduced lunch. The Ladies' Leadership Program reflects the demographics of the campus. Nearly all (95%) of the participants are Hispanic or Asian, and 5% are African American.

Patient Advocacy - The Patient Advocacy program ensures that facilities providing treatment to clients understand and safeguard the rights of their clients. Services are free to clients and include representing clients at hearings; advising minors regarding their rights; investigating complaints regarding rights violations, neglect, abuse, and/or breaches of confidentiality; and consultation and training to San Diego County Behavioral Health Services. These services have resulted in many positive changes to County and hospital policies and procedures. Patient Advocacy serves mental health clients throughout San Diego County who are in 24-hour licensed residential facilities, inpatient settings, board and care facilities, selected skilled nursing facilities, crisis houses, and long-term care facilities. Many clients are low income and are receiving public benefits, such as SSI, Medicare, Medi-Cal and County Medical Services; some clients are homeless.

In 2014-2015, the JFS Patient Advocacy program represented clients at over 4,435 Certification Review Hearings, ensuring due process; assisted clients with over 2,344 rights issues at hospitals, crisis houses, skilled nursing facilities, and residential facilities; investigated over 953 complaints and over 75 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; and, conducted over 78 trainings on mental health law and mental health patients' rights for clients, providers, and professionals.

Positive Parenting Program - The Positive Parenting Program (PPP) uses an evidence-based curriculum, shown by more than 30 years of research to be effective for the prevention and early intervention of childhood social and emotional disorders. The program provides free parent education in English and Spanish at 120 Head Start preschools, elementary schools, and other sites across the county. The free childcare, incentives and healthy snacks PPP provides help reduce barriers to attendance for the families with low incomes that are the focus of the program. Three-, six- and eight-week classes help parents and professionals learn how to use simple and practical strategies to foster resilience, independence, respect, and cooperation in children.

With a special emphasis on Head Start and military families, PPP targets parents with a child under age five. In 2014-2015, 2,498 participants attended PPP, which equates to 4,076 children's benefiting from their parents' exposure to the program. PPP provided 149 three-session Seminars, 31 eight-session Groups, and 66 four-session series for Individuals at 120 sites county-wide.

Project SARAH - Project SARAH (Stop Abusive Relationships At Home) empowers survivors of domestic violence to take control of their lives. Project SARAH provides practical solutions, including access to community resources, emotional support, and advocacy to obtain physical protections, such as restraining orders and access to emergency shelters. Clients develop personalized safety plans that outline safety for children, and for themselves while living with an abusive partner; and learn problem-solving skills that can lead toward an individualized exit strategy. Counselors and case managers partner with clients to share vital safety information regarding women's health, as well as economic and housing resources to facilitate independence. JFS domestic violence support groups empower clients to choose healthy relationships, identify abusive patterns, and develop assertiveness in communication, boundary setting, and self-esteem.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2015 and 2014

Note 1 - Organization, continued

SELF-SUFFICIENCY, continued In 2014-2015, Project SARAH served 98 women; 67% of them between 31 and 55 years old. Clients came from all over San Diego County. Of all Project SARAH clients, 28% identified as African American, 56% Caucasian, 14% Hispanic, and 2% Asian. A majority of Project SARAH clients (94%) have low incomes.

Roy's Desert Resource Center - Jewish Family Service's Roy's Desert Resource Center (RDRC) is the only comprehensive homeless center in the Western Coachella Valley. Each night it offers shelter and extensive supportive services to 80 homeless individuals – including families with children in the Coachella Valley. Individual clients are given a bed, while families receive private rooms with cribs and bassinets when needed. Eligible clients are sober and physically able to care for themselves, but are homeless for many different reasons. Case management provides clients with the tools and resources to create a plan to move towards self-sufficiency, securing housing and successfully ending their homelessness.

In 2014-2015, Roy's Desert Resource Center served 880 clients, a majority of whom were female (63%). Seventy percent of all clients ranged in age from 18-55, with the remaining balance comprised of senior citizens (25%) and children (5%). The clients at RDRC were primarily single (96%), although RDRC offers assistance to families. A significant number of clients were disabled (18%). Veterans constituted 10% of those we helped.

Refugee Resettlement Program - Since its inception in 1918, JFS has provided resettlement services to newly-arriving refugees from around the world who have fled their homes in fear of persecution. Refugee Resettlement Services assist approximately 33 people each month to adapt to their new homes in the U.S., and achieve economic self-sufficiency and social integration. JFS strives to create a network of services that link and coordinate assistance from institutions and agencies that provide medical, psycho-social, employment, educational, and support for individuals in need of such assistance.

As a result of JFS Refugee Resettlement staff's efforts in 2014-2015: 155 refugee families settled in safe and secure housing, proximate to their community, to ensure ongoing support; 72 children enrolled in school to continue education that was disrupted by war and displacement; 21 elderly refugees connected to care programs, such as Supplemental Security Income, In-Home Support Services and adult day care; over 200 adults enrolled in "English as a Second Language" classes to improve their communication proficiency; 163 employable adults enrolled in employment services where they identify short- and long-term career goals; and, 27 refugees participated in intensive case management to deal with significant medical and mental health issues.

Ways to Work - Ways to Work is an innovative, character-based loan program that helps working families achieve self-sufficiency through financial education and reliable transportation. The combination of financial literacy training and low-cost auto loans allows clients to build better credit, attend work more reliably and work more hours than they could while relying on public transportation, take better-paying jobs which may be further from home, improve their credit scores by better managing their finances and successfully paying down their loans, and increasing their financial stability.

Ways to Work loans are paid back over three years. In fiscal year 2014-15, a total of seven Ways to Work loans (10%) were repaid in full in the second year, one year ahead of schedule. Additionally, 12 families received loans to purchase reliable transportation; another 111 families attended financial education classes. Borrowers reported increased hours at work, higher wages, reduced reliance on public benefits such as CalWorks and CalFresh, improved access to employment opportunities and more time available for family activities.

AGING WITH DIGNITY

Geriatric Care Management – The Geriatric Care Management (GCM) program provides older adults and their caregivers with a better quality of life through improved management of their health needs, and enhanced support systems. To maximize independence and enhance clients' ability to age with dignity, GCM's trained geriatric specialists coordinate medical care, provide transportation, assist with paperwork, advocate, and link clients to community and agency resources.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2015 and 2014

Note 1 - Organization, continued

AGING WITH DIGNITY, continued

In 2014-2015, Geriatric Care Management staff provided 5,103 hours of assistance to 107 older adults, coordinating care, providing advocacy, and connecting them to resources. Financial assistance helped 184 clients meet essential expenses they could not afford, including eye glasses, dental care, co-payments for chemotherapy, a refrigerator, and an appraisal for a reverse mortgage. GCM staff provided 1,327 rides to clients, helping them to medical appointments, to the Social Security office, and to Health & Human Services to secure MediCal benefits.

JFS Fix-It Service - For 15 years, the JFS Fix-It Service has helped older adults in San Diego County age with dignity by enabling them to live independently and safely in their homes. The program significantly eases the burden for unpaid caregivers —spouses, family members, and friends — who all want to help their loved ones continue to live in familiar environments as they age. Services are provided by dedicated, screened, and trained volunteers who conduct free four-point safety checks, minor home-safety repair, and modifications. JFS Fix-It Service provides all labor and repairs free of charge through the work of volunteers, and a grant from the County of San Diego Aging & Independence Services.

The program's service region covers most of Southern San Diego County, spanning the area from Highway 56 south to the international border, west to the ocean and east to Pine Valley. In 2014-2015, 29 volunteers donated 1,577 hours, drove nearly 15,300 miles, and helped 298 clients with 1,347 repairs. Fix-It volunteers: made 533 minor home repairs and safety modifications that included electrical and plumbing work, installing or fixing doorbells and providing bathtub mats; made 147 home security and safety modifications including grab bars, security lights, railing repairs, locks/deadbolts, and window/door screens; provided 65 assistive devices such as shower chairs, toilet seat risers, and bedside commodes; and, completed 602 repairs and installations using client-provided material, including smoke and carbon monoxide detectors.

Nutrition Services - JFS Nutrition Services produce and deliver kosher meals throughout San Diego County. The meals help older adults, and younger adults with disabilities (aged 18 and over), to age with dignity, maintain their independence, and continue living in their own homes. Meals are served at the JFS Social & Wellness Centers, and are delivered to clients' homes through JFS Foodmobile. Trained drivers and volunteers conduct a wellness check and report any concerns to the Foodmobile Coordinator. Supplemental groceries supplied by the JFS Hand Up Youth Food Pantry, and pet food, are also available on a monthly basis. With Nutrition Services support, older adults and younger adults with disabilities not only increase their access to nutritious foods, they also improve their independence and experience reduced isolation.

Nutrition Services prepare and deliver kosher meals to adults over age 60, as well as younger adults with disabilities. Foodmobile is the only service in San Diego providing home-delivered meals to younger adults with disabilities. In 2014-2015, Nutrition Services provided 6,989 meals per month, and served 772 individuals. Two thirds were women, and 4% were younger adults with disabilities. Over half (53%) of Nutrition Services clients reported that they have low incomes, and used the sliding scale fee option to afford meals.

On the Go— On the Go: Transportation Solutions for Older Adults offers shuttle service, excursions, Rides & Smiles®, On the Go Silver, and taxi scrip. Shuttles provide group transportation to JFS's Social & Wellness Centers, shopping, errands, cultural events and religious services. Excursions provide group transportation to destinations such as the theater, museums, and tours of San Diego. Rides & Smiles®, an award-winning and internationally-recognized service, offers individual rides provided primarily by volunteers using their own cars. On the Go Silver is a premium fee-based service that accommodates individual riders' door-to-door needs and group transportation. The taxi scrip program fills gaps in service not met by other On the Go offerings. On the Go meets seniors' basic transportation needs, decreases isolation, and increases community connections. A total of 1,796 individuals over the age of 60 are enrolled in On the Go.

In 2014-2015, On the Go provided 37,055 rides to seniors. Volunteers are the backbone of On the Go. In 2014-2015, 236 volunteers donated 16,857 hours of their time, representing an in-kind savings of \$452,948.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2015 and 2014

Note 1 - Organization, continued

AGING WITH DIGNITY, continued

Social & Wellness Centers - The JFS Social & Wellness Centers — at College Avenue, North County Inland and the JFS Coastal Club at Temple Solel — provide drop-in programming for active older adults in northern and central San Diego. They offer learning opportunities, exercise, Judaic programming, nutritious meals, and socialization. The Centers offer information and support about the aging process, assistance accessing social services, and companionship, recreation, and community connection – all of which are proven to prevent isolation, maintain health, and support independent living at home.

In 2014-2015, the Social & Wellness Centers enjoyed 53,208 visits. Clients attending the Centers range in age from 60 to over 95 years; their average age is 70, and they are mostly female. Nearly half of the current regular participants are Jewish, and 40% are widowed. The majority of attendees (72%) are still able to drive to the Centers. Many participants live on small pensions and/or Social Security; the most recent client survey revealed that nearly half (46%) of participants are living below the federal poverty level.

Serving Older Survivors – Since the 1990s, Serving Older Survivors (SOS) has been addressing the needs of San Diegans who suffered so much during the Holocaust. The goals of SOS are to decrease survivors' emotional distress, maximize their independence, and increase their community connections. SOS provides geriatric care management services, including assessments, care plans, consultations, advocacy, coordination, emotional support, help with care in the home, as well as direct financial assistance.

In 2014-2015, 138 Holocaust survivors were enrolled in the SOS program. Additionally, 38 survivors and their families who contacted JFS received information that helped them apply for the Polish Benefits and Child Survivor Funds. SOS matched 14 local agencies and schools with survivors who spoke at their Holocaust remembrance and educational events. Through 10,346 contacts with, and on behalf of survivors, their caregivers, and their family members, in 2014-2015, SOS staff: disbursed \$264,348 in reimbursement for homecare costs for 63 clients; distributed \$83,684 in emergency funds through grants from the Claims Conference, and other institutional and individual donors, to 61 survivors; provided clients with 853 rides – along with advocacy and translation – to doctor visits, shopping and other errands; and, organized seven socialization programs for European survivors, attended by 29 survivors.

University City Older Adult Center – The University City Older Adult Center (UCOAC) is located at Congregation Beth Israel. Three days per week, the Center offers a variety of activities designed to provide support to frail older adults, their caregivers, and their families. UCOAC is a haven for those who have been diagnosed with Alzheimer's disease or dementia, are recently widowed, or have become socially isolated.

Older adults who attend UCOAC are able to age in the community with the maximum level of independence and social interaction possible. Their caregivers also experience less isolation and greater connection to the community. In 2014-2015 at the University City Older Adult Center: clients made 3,148 visits and caregivers made 406 visits; 3,919 hot kosher meals were served; and, a team of volunteers donated, on average, 190 hours per month, serving meals and engaging with clients.

COMMUNITY CONNECTIONS

Embrace-a-Family - Each year individuals, families, service and faith-based community groups, and businesses donate new holiday gifts to the Embrace-a-Family program to help ensure that families unable to purchase them have gifts for the holidays. This program offers the community a meaningful way to make the holiday season a little brighter for families struggling to make ends meet.

In 2014-2015, 262 generous embracers provided holiday gifts to 501 families (1,436 individuals); 70 businesses, schools, professional groups, service organizations, contributed to brighten the holidays for hundreds of families. San Diego Jewish Academy alone embraced 40 families, and Scripps Memorial Hospital La Jolla more than 60; 26 volunteers helped sort gifts in preparation for delivery; volunteers gave 182 hours of their time; and, clients who were embraced also received support services from JFS programs.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2015 and 2014

Note 1 - Organization, continued

COMMUNITY CONNECTIONS, continued

Hunger Advocacy Network - The Hunger Advocacy Network (HAN) is a collaborative comprised of organizations that work together to achieve a long-term, systemic reduction in food insecurity in San Diego by shaping state policy. With ongoing technical support from Jewish Family Service, the Network has become a strong, well-respected coalition of more than 20 organizations who increase access to vital food assistance programs.

In 2014-2015, Network partner organizations actively advocated for the passage of 12 state bills and two state budget requests that address the connection between food security and specific nutrition, housing, and anti-poverty programs. HAN partner organizations advocated for these key food security policies via in-district meetings, and HAN's annual Sacramento Advocacy Day. Partners also built relationships with legislators and community leaders, and educated them about local food security issues at HAN's Annual Legislative Reception and Elected Officials Breakfast in January and April 2015, respectively.

Volunteer Engagement - Newly certified as a Service Enterprise for its effective and strategic engagement of volunteers, JFS is committed to leveraging volunteer talents at all levels of the agency. The Volunteer Engagement Department supports the agency by recruiting and retaining volunteer skills and talent. With more than 1,000 volunteers, we are dedicated to creating meaningful volunteer opportunities for people in search of better lives and for those seeking to make better lives possible.

Last fiscal year, 847 volunteers chose JFS beneficiaries as the recipients of their time and talent with JFS. Collectively, 59,553 hours were donated to the agency which represent an in-kind savings of \$1,568,645 and 30.5 full-time equivalent staff members. Ten new volunteer positions were created including administrative support, photographers, child activity helpers, receptionists, and client choice food pantry assistance. The average volunteer works with JFS for approximately two years.

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. (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 consolidated 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.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2015 and 2014

Note 2 - Significant Accounting Policies, continued

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.

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.

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.

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 allowance for unconditional promises to give is determined based on historical experience and management's evaluation of outstanding unconditional promises to give.

Investments

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

Unrealized gains and losses are included in the consolidated statements 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, 2015 and 2014

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, 2015 and 2014.

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 Organization's 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, 2015 and 2014 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, 2015 and 2014

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.

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 Organization's 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 \$797 and \$20,200 for the years ended June 30, 2015 and 2014, respectively. Prepaid income taxes totaled \$16,667 and \$22,302 at June 30, 2015 and 2014, 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.

Subsequent Events

The Organization has evaluated subsequent events through December 15, 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, 2015 and 2014

Note 3 - Grants and Contracts Receivable

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

	<u>2015</u>	<u>2014</u>
County of San Diego	\$ 476,450	\$ 430,088
Conference on Jewish Material Claims Against Germany, Inc.	292,038	247,474
County of Riverside	212,171	244,580
Coachella Valley Assoc of Governments	99,561	99,618
Hebrew Immigrant Aid Society	81,428	123,458
California Office of Emergency Services	66,530	-
San Diego Association of Governments	56,701	67,701
Catholic Charities	43,097	58,502
EFSP National Board Program	27,546	-
Social Advocates for Youth	23,100	27,300
City of San Diego	23,000	-
Napa County Office of Education	18,102	12,457
City of Cathedral City	14,218	-
Other grants and contracts	-	17,200
Total Grants and Contracts Receivable	<u>\$ 1,433,942</u>	<u>\$ 1,328,378</u>

Note 4 - Unconditional Promises to Give

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

	<u>2015</u>	<u>2014</u>
Due in less than one year	\$ 1,913,156	\$ 2,415,368
Due in one to five years	1,943,677	3,413,580
Due in over five years	<u>32,500</u>	<u>74,289</u>
	3,889,333	5,903,237
Less: Discount to present value	(80,124)	(160,864)
Less: Allowance for doubtful accounts	<u>(544,280)</u>	<u>(926,269)</u>
Total	<u>\$ 3,264,929</u>	<u>\$ 4,816,104</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, JFS made a loan to its CEO totaling \$65,625. The loan is payable in monthly installments of \$498 including interest at 1.50%. In addition, in accordance with the agreement, JFS will forgive \$5,000 of the loan balance for each year that the CEO is employed. If the CEO'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. JFS has a security interest in the real estate. The balance of loan totaled \$33,278 and \$43,658 at June 30, 2015 and 2014, respectively, and is included in loans receivable.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2015 and 2014

Note 6 - Investments

The Organization has an investment committee that has established an investment policy. It is the Organization's 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, 2015			
	Level 1	Level 2	Level 3	Total
Cash	\$ 6,740	\$ -	\$ -	\$ 6,740
Bond funds	19,175	-	-	19,175
Equity funds:				
Small Blend	17,801	-	-	17,801
Small Cap	12,743	-	-	12,743
Short Term Pool	-	922,408	-	922,408
Mid Term Pool	-	166,329	-	166,329
Long Term Pool	-	5,164,603	-	5,164,603
Endowment Pool	-	4,355,449	-	4,355,449
State of Israel Bonds	-	1,000	-	1,000
	<u>\$ 56,459</u>	<u>\$ 10,609,789</u>	<u>\$ -</u>	<u>\$ 10,666,248</u>

	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:				
Small Blend	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>

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2015 and 2014

Note 6 - Investments, continued

The following table summarizes investment income as of June 30:

	<u>2015</u>	<u>2014</u>
Dividends and interest	\$ 549,791	\$ 268,113
Unrealized gains (losses)	(362,020)	1,775,668
Realized gains (losses)	(19,323)	211,878
Investment fees	<u>(151,391)</u>	<u>(54,089)</u>
	<u>\$ 17,057</u>	<u>\$ 2,201,570</u>

Note 7 - Land, Buildings and Equipment

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

	<u>2015</u>	<u>2014</u>
Land	\$ 4,023,335	\$ 4,023,335
Buildings and Improvements	5,436,722	7,534,899
Furniture and Equipment	1,560,011	1,630,677
Vehicles	215,161	207,306
Software	<u>35,460</u>	<u>-</u>
	11,270,689	13,396,217
Accumulated Depreciation and Amortization	<u>(2,491,989)</u>	<u>(2,987,605)</u>
Land, Buildings, and Equipment, net of depreciation	8,778,700	10,408,612
Construction in Progress	<u>4,459,583</u>	<u>584,453</u>
Total Land, Buildings, and Equipment, net of depreciation	<u>\$ 13,238,283</u>	<u>\$ 10,993,065</u>

During the fiscal year ending June 30, 2015, as part of our "Building Our Community Together" project, Jewish Family Service began major renovations on its two buildings located at 8788 and 8804 Balboa Avenue in order to enhance our client's experience and have a unified headquarters campus, the Joan and Irwin Jacobs Campus. At the time renovations were taking place at 8804 Balboa Avenue, we had old building improvements that were being depreciated which we determined were now impaired. As such, we wrote off a net amount of \$1,384,141 which represented the book balance of \$2,098,177 in building improvements less \$714,036 in depreciation.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2015 and 2014

Note 8 - Beneficial Interests

The Organization has a beneficial interest in assets held at Comerica Bank, Jewish Community Foundation (JCF) and JFS Foundation. Under the terms of the agreement, JCF will make regular distributions to JFS as determined by the JFS board of directors.

The following table summarizes assets measured at fair value by classifications within the fair value hierarchy:

	Assets at Fair Value as of June 30, 2015			
	Level 1	Level 2	Level 3	Total
Cash and Money Market	\$ 8,085	\$ -	\$ -	\$ 8,085
Equity:				
Mutual Funds	67,700	-	-	67,700
Financials	9,415	-	-	9,415
Healthcare	5,952	-	-	5,952
Industrials	4,911	-	-	4,911
Information Technology	4,684	-	-	4,684
Consumer Discretionary	3,493	-	-	3,493
Foreign Stock	3,109	-	-	3,109
Energy	2,800	-	-	2,800
Other	3,813	-	-	3,813
Fixed Income	24,656	-	-	24,656
Endowment Pool	-	3,215,201	-	3,215,201
Long Term Pool	-	4,521,982	-	4,521,982
	<u>\$ 138,618</u>	<u>\$ 7,737,183</u>	<u>\$ -</u>	<u>\$ 7,875,801</u>
	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:				
Mutual Funds	37,642	-	-	37,642
Financials	14,210	-	-	14,210
Information Technology	13,309	-	-	13,309
Healthcare	10,282	-	-	10,282
Industrials	9,675	-	-	9,675
Consumer Discretionary	8,769	-	-	8,769
Energy	6,362	-	-	6,362
Foreign Stock	4,166	-	-	4,166
Materials	3,428	-	-	3,428
Other	4,924	-	-	4,924
Fixed Income	24,886	-	-	24,886
Endowment Pool	-	3,109,902	-	3,109,902
Long Term Pool	-	4,775,603	-	4,775,603
	<u>\$ 145,429</u>	<u>\$ 7,885,505</u>	<u>\$ -</u>	<u>\$ 8,030,934</u>

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2015 and 2014

Note 8 - Beneficial Interests, continued

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:

	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Balance, June 30, 2013	\$ 4,449,996	\$ 341,640	\$ 1,907,326	\$ 6,698,962
Transfer from JFS	187,701	42,557	740,511	970,769
Distributions to JFS	(459,740)	(219,667)	-	(679,407)
Net earnings	645,738	371,282	23,590	1,040,610
Balance, June 30, 2014	4,823,695	535,812	2,671,427	8,030,934
Underwater funds	(50,481)	-	-	(50,481)
Transfer from JFS	35,500	4,075	285,411	324,986
Distributions to JFS	(239,501)	(146,708)	-	(386,209)
Net losses	(31,033)	(12,396)	-	(43,429)
Balance, June 30, 2015	\$ <u>4,538,180</u>	\$ <u>380,783</u>	\$ <u>2,956,838</u>	\$ <u>7,875,801</u>

Note 9 - Note Payable

Note payable consists of the following at June 30:

	2015	2014
Note payable to City National Bank with borrowing capacity of \$4,000,000 with interest payable monthly at 2.65% on the first \$1,600,000 and 2.75% on the second \$1,000,000, due December 31, 2017.	\$ <u>2,600,000</u>	\$ <u>1,600,000</u>

Future principal payments on the note payable as of June 30, 2015 are as follows:

Years Ending June 30,	
2016	\$ -
2017	-
2018	<u>2,600,000</u>
	\$ <u>2,600,000</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 various financial institutions, set aside for this purpose. Contributions totaled \$21,446 and \$30,663 for the years ended June 30, 2015 and 2014, respectively and are included in employee benefits in the consolidated statements of functional expenses. The deferred compensation liability totaled \$353,961 and \$354,663 at June 30, 2015 and 2014, respectively. The Organization has segregated investments in the Short Term Pool and Mid Term Pool held at Jewish Community Foundation, Wells Fargo, and in a Charles Schwab account in the amounts of \$346,462 and \$354,663 at June 30, 2015 and 2014, respectively to fund the obligations.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2015 and 2014

Note 11 - Temporarily Restricted Net Assets

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

	2015		2014
Grants and Contributions with time and purpose restrictions	\$ 5,837,426	\$	6,985,750
Capital Campaign	944,636		3,029,447
Unappropriated endowment earnings	433,266		609,139
Hebrew Free Loan Assistance (HFLA)	68,196		65,000
Rubenstein Scholarship fund	-		2,303
Total Temporarily Restricted Net Assets	<u>\$ 7,283,524</u>	\$	<u>10,691,639</u>

Note 12 - Endowment Net Assets

The Organization's 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.

JFS Managed Funds

The Organization has interpreted the enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds 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, 2015 and 2014.

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

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2015 and 2014

Note 12 - Endowment Net Assets, continued

The Organization's 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 Organization's 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, 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 Comerica Bank as:

1. The original value of gifts donated to the fund
2. The original value of the Organization's 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

JFS Foundation and Comerica 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 Organization's 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. Comerica Bank's spending policy is to distribute 5% annually.

Endowment composition by type of fund as of June 30:

	2015			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor Restricted Funds	\$ (50,442)	\$ 433,265	\$ 3,633,150	\$ 4,015,973
Board Designated Funds	<u>4,588,661</u>	<u>-</u>	<u>-</u>	<u>4,588,661</u>
	<u>\$ 4,538,219</u>	<u>\$ 433,265</u>	<u>\$ 3,633,150</u>	<u>\$ 8,604,634</u>

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2015 and 2014

Note 12 - Endowment Net Assets, continued

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>

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, 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	4,789,162	604,139	3,057,450	8,450,751
Contributions	35,500	4,075	575,700	615,275
Net realized and unrealized losses	(31,033)	(10,047)	-	(41,080)
Transfer for underwater endowments	(15,912)	-	-	(15,912)
Appropriation of endowment assets for expenditure	<u>(239,498)</u>	<u>(164,902)</u>	<u>-</u>	<u>(404,400)</u>
Endowment Net Assets at June 30, 2015	<u>\$ 4,538,219</u>	<u>\$ 433,265</u>	<u>\$ 3,633,150</u>	<u>\$ 8,604,634</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, 2015 and 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 \$366,558 and \$300,583 to plan for the years ended June 30, 2015 and 2014, 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 \$567,750 and \$492,053 for the years ended June 30, 2015 and 2014, respectively.

CARS and CARS Nonprofit leased office facilities under a lease agreements that expire in September 2018. Rent expense for the office facilities totaled \$114,817 and \$116,310 for the years ended June 30, 2015 and 2014, respectively.

JEWISH FAMILY SERVICE OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2015 and 2014

Note 14 - Commitments, continued

Facility Operating Leases, continued

The following is a schedule of future minimum lease payments under the leases as of June 30, 2015:

Years Ending June 30,	
2016	\$ 254,741
2017	225,580
2018	174,793
2019	85,898
2020	17,372
	<u>\$ 758,384</u>

Note 15 - Concentrations

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 \$3,413,213 and \$4,525,696 at June 30, 2015 and 2014, respectively.

SUPPLEMENTAL INFORMATION

**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, 2015, 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 December 15, 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
December 15, 2015

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, 2015. 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, 2015.

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
December 15, 2015

JEWISH FAMILY SERVICE OF SAN DIEGO

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

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:		
Cathedral City	14.218	\$ 51,500
Riverside County Economic Development Agency	14.231	66,000
Supportive Housing Program		
Riverside County Department of Public Social Service	14.235	<u>1,058,741</u>
Total U.S. Department of Housing and Urban Development		<u>1,176,241</u>
<u>U.S. Department of Labor</u>		
Pass-through Program From:		
Senior Community Service Employment Program		
County of San Diego	17.235	<u>408,484</u>
Total U.S. Department of Labor		<u>408,484</u>
<u>U.S. Department of State</u>		
Pass-through Program From:		
U.S. Refugee Admissions Program:		
Hebrew Immigrant Aid Society	19.510	<u>826,209</u>
Total U.S. Department of State		<u>826,209</u>
<u>U.S. Department of Transportation:</u>		
Transit Services Program Cluster:		
Pass-Through Programs From:		
Caltrans	20.516	25,000
Coachella Valley Association of Governments	20.516	34,956
New Freedom Program:		
San Diego Association of Governments	20.521	<u>11,167</u>
Total Transit Services Program Cluster		<u>71,123</u>
Total U.S. Department of Transportation		<u>71,123</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	22,530
Special Programs for the Aging, Title III, Part C, Nutrition Services:		
County of San Diego	93.045	247,132

JEWISH FAMILY SERVICE OF SAN DIEGO

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

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

Aging Cluster:

Pass-Through Program From:

Nutrition Services Incentive Program:

County of San Diego 93.053 33,978

Total Aging Cluster 303,640

Pass-Through Programs From:

National Family Caregiver Support, Title III, Part E:

County of San Diego 93.052 94,000

Refugee and Entrant Assistance, State Administered Programs:

Catholic Charities 93.566 140,811

Refugee and Entrant Assistance, Discretionary Grants:

Hebrew Immigrant Aid Society 93.576 129,455

Refugee and Entrant Assistance, Wilson/Fish Program:

Catholic Charities 93.583 98,927

Refugee and Entrant Assistance, Targeted Assistance Grants:

Catholic Charities 93.584 89,831

Total U.S. Department of Health and Human Services 553,024

Corporation of National and Community Service

Pass-Through Programs From:

AmeriCorps VIP Grant:

Napa County Office of Education 94.006 102,965

Total Corporation of National and Community Service 102,965

U.S. Department of Homeland Security

Pass-Through Programs From:

Office of Emergency Services Non-Profit Security Program 97.008 66,530

Emergency Food and Shelter National Board Program:

United way of America 97.024 42,464

Total U.S. Department of Homeland Security 108,994

Total Expenditures of Federal Awards \$ 3,550,680

JEWISH FAMILY SERVICE OF SAN DIEGO

Note to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

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, 2015

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 none identified
 Material weakness(es) identified? yes none

Noncompliance material to the consolidated financial statements noted? yes none

Federal Awards

Internal control over major programs:
 Significant deficiency(ies) identified? yes none identified
 Material weakness(es) identified? yes none

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 no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
17.235 19.510	Senior Community Service Employment Program U.S. Refugee Admissions Program: Hebrew Immigrant Aid Society
Various	Aging Cluster Nutrition Program

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? yes no

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Prior Year Findings

None