

**JEWISH FAMILY SERVICE  
OF LOS ANGELES**

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

**JEWISH FAMILY SERVICE OF LOS ANGELES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Jewish Family Service of Los Angeles

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

We have audited the accompanying consolidated financial statements of Jewish Family Service of Los Angeles (JFSLA) (a non-profit organization), which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial position of JFSLA as of June 30, 2017 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited JFSLA's 2016 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 15, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

To the Board of Directors  
Jewish Family Service of Los Angeles

**Other Matters - Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Consolidated Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the consolidated financial statements. The accompanying Consolidated Schedule of Awards from the City of Los Angeles is also presented for purposes of additional analysis and is not a required part of the basic 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 Schedules are 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 14, 2017 on our consideration of JFSLA'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 JFSLA's internal control over financial reporting and compliance.

*Green Hasson & Janks LLP*

November 14, 2017  
Los Angeles, California

**JEWISH FAMILY SERVICE OF LOS ANGELES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

June 30, 2017

With Summarized Totals at June 30, 2016

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,531,674	\$ 485,575
Investments	14,633,183	15,188,515
Accounts and Other Receivables (Net)	3,841,694	2,485,629
Pledges Receivable (Net)	2,892,938	2,784,752
Beneficial Interest in Charitable Remainder Trusts	5,255,257	4,713,980
Beneficial Interest in Perpetual Trusts	2,849,302	2,677,914
Deposits and Other Assets	297,757	315,493
Land, Buildings and Equipment (Net)	<u>3,317,111</u>	<u>2,897,188</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 34,618,916</u></b>	<b><u>\$ 31,549,046</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts Payable	\$ 2,049,360	\$ 1,756,537
Accrued Liabilities	1,033,146	1,198,508
Refundable Advances	595,414	1,410,500
Line of Credit	3,325,000	2,500,000
Notes Payable	<u>175,000</u>	<u>175,000</u>
<b>TOTAL LIABILITIES</b>	7,177,920	7,040,545
 <b>NET ASSETS:</b>		
Unrestricted	1,377,586	1,138,683
Temporarily Restricted	18,169,935	15,725,613
Permanently Restricted	<u>7,893,475</u>	<u>7,644,205</u>
<b>TOTAL NET ASSETS</b>	<b><u>27,440,996</u></b>	<b><u>24,508,501</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 34,618,916</u></b>	<b><u>\$ 31,549,046</u></b>

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

**JEWISH FAMILY SERVICE OF LOS ANGELES**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

Year Ended June 30, 2017

With Summarized Totals for the Year Ended June 30, 2016

	2017			Total	2016 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>REVENUE AND SUPPORT:</b>					
Revenues:					
Government Fees	\$ 9,702,802	\$ -	\$ -	\$ 9,702,802	\$ 10,039,932
Client Fees, Program Income and Reimbursements	4,865,760	-	-	4,865,760	4,657,729
Support - Direct:					
Contributions	3,799,521	751,373	77,882	4,628,776	12,165,173
Capital Campaign Contributions	-	2,439,049	-	2,439,049	931,251
Special Events (Net of Direct Expenses of \$270,352)	1,111,527	-	-	1,111,527	833,111
Grants	6,759,705	-	-	6,759,705	6,069,716
Gifts In-Kind	1,792,900	-	-	1,792,900	1,910,652
Change in Value of Charitable Remainder Trust	-	541,277	-	541,277	-
Change in Value of Beneficial Interest in Perpetual Trusts	-	-	171,388	171,388	(242,038)
Support - Indirect:					
Allocation from Jewish Federation Council	3,534,972	-	-	3,534,972	3,019,241
Grants Passed Through Jewish Federation Council	101,210	-	-	101,210	167,354
Investment Income (Loss) (Net)	551,389	-	-	551,389	(80,759)
Rental and Other Income	131,438	-	-	131,438	203,219
Net Assets Released from Purpose Restrictions	1,287,377	(1,287,377)	-	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>33,638,601</b>	<b>2,444,322</b>	<b>249,270</b>	<b>36,332,193</b>	<b>39,674,581</b>
<b>EXPENSES:</b>					
Program Services	27,013,278	-	-	27,013,278	27,406,098
Supporting Services	6,386,420	-	-	6,386,420	5,957,540
<b>TOTAL EXPENSES</b>	<b>33,399,698</b>	<b>-</b>	<b>-</b>	<b>33,399,698</b>	<b>33,363,638</b>
<b>CHANGE IN NET ASSETS</b>	<b>238,903</b>	<b>2,444,322</b>	<b>249,270</b>	<b>2,932,495</b>	<b>6,310,943</b>
Net Assets - Beginning of Year	1,138,683	15,725,613	7,644,205	24,508,501	18,197,558
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,377,586</b>	<b>\$ 18,169,935</b>	<b>\$ 7,893,475</b>	<b>\$ 27,440,996</b>	<b>\$ 24,508,501</b>

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

**JEWISH FAMILY SERVICE OF LOS ANGELES**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2017

With Summarized Totals for the Year Ended June 30, 2016

	Program Services							Total Program Services	Supporting Services		Total Supporting Services	Total Expenses	
	Nutrition and Hunger	Senior/Older Adults	Children and Families	Counseling	Shelter Services	Immigration and Resettlement	Nonprofit Consulting Services		Management and General	Fundraising		2017	2016
Salaries	\$ 1,544,992	\$ 7,310,848	\$ 511,458	\$ 652,408	\$ 1,229,409	\$ 165,824	\$ 51,034	\$ 11,465,973	\$ 2,174,180	\$ 866,047	\$ 3,040,227	\$14,506,200	\$ 14,946,233
Payroll Taxes and Employee Benefits	594,010	2,223,786	157,519	207,555	430,230	52,439	13,624	3,679,163	1,144,494	221,650	1,366,144	5,045,307	4,857,326
Employee Expenses	20,313	173,282	6,327	9,089	8,922	5,697	139	223,769	50,517	14,478	64,995	288,764	346,955
<b>TOTAL PERSONNEL COSTS</b>	<b>2,159,315</b>	<b>9,707,916</b>	<b>675,304</b>	<b>869,052</b>	<b>1,668,561</b>	<b>223,960</b>	<b>64,797</b>	<b>15,368,905</b>	<b>3,369,191</b>	<b>1,102,175</b>	<b>4,471,366</b>	<b>19,840,271</b>	<b>20,150,514</b>
Direct Client Services	757,949	5,396,829	35	180,444	52,127	146,456	-	6,533,840	974	3,217	4,191	6,538,031	5,785,522
Gifts In-Kind	1,792,900	-	-	-	-	-	-	1,792,900	-	-	-	1,792,900	1,910,652
Professional and Temporary Services	46,584	613,028	7,055	63,878	(2,283)	-	114	728,376	471,978	142,262	614,240	1,342,616	1,265,368
Rent and Occupancy	452,220	241,140	43,926	118,639	93,529	27,541	6,544	983,539	196,962	56,891	253,853	1,237,392	1,448,439
Program Activities	-	297,612	23,417	12,406	569	504	-	334,508	20,537	4,878	25,415	359,923	273,256
Interest and Other Fees	1,138	31,352	1,719	4,012	1,396	81	9	39,707	272,901	34,237	307,138	346,845	336,789
Data Communications	59,761	137,319	18,789	18,746	35,970	5,897	198	276,680	20,711	2,399	23,110	299,790	268,060
Publicity and Advertising	4,129	19,538	3,341	182	727	-	-	27,917	178,178	42,062	220,240	248,157	265,564
Property Taxes and Insurance	42,382	122,560	7,762	11,616	32,659	3,311	506	220,796	20,536	5,577	26,113	246,909	241,256
Equipment and Building Purchases	3,594	56,060	6,001	7,949	5,632	-	-	79,236	104,791	40,434	145,225	224,461	333,720
Supplies and Materials	43,053	85,290	7,331	10,162	28,242	1,379	202	175,659	23,332	21,498	44,830	220,489	242,390
Depreciation and Amortization	35,066	70,968	8,048	14,975	55,318	-	772	185,147	24,250	6,398	30,648	215,795	342,599
Dues and Subscriptions	165	21,149	-	808	836	122	-	23,080	92,008	350	92,358	115,438	60,958
Printing and Reproduction	16,711	23,759	3,927	3,302	3,837	2,009	1	53,546	19,984	38,639	58,623	112,169	107,132
Equipment, Repairs and Maintenance	16,432	36,937	3,258	4,116	14,165	590	360	75,858	19,464	4,383	23,847	99,705	100,371
Security	57,860	7,281	4,037	5,650	7,988	163	15	82,994	897	168	1,065	84,059	92,482
Postage and Delivery	2,524	14,003	906	852	3,917	337	-	22,539	9,981	10,104	20,085	42,624	86,342
Miscellaneous	5,281	10,160	500	-	184	-	-	16,125	1,194	13,000	14,194	30,319	35,751
Contract Disallowance	-	(8,074)	-	-	-	-	-	(8,074)	9,879	-	9,879	1,805	16,473
<b>TOTAL 2017 FUNCTIONAL EXPENSES</b>	<b>\$ 5,497,064</b>	<b>\$ 16,884,827</b>	<b>\$ 815,356</b>	<b>\$ 1,326,789</b>	<b>\$ 2,003,374</b>	<b>\$ 412,350</b>	<b>\$ 73,518</b>	<b>\$ 27,013,278</b>	<b>\$ 4,857,748</b>	<b>\$ 1,528,672</b>	<b>\$ 6,386,420</b>	<b>\$33,399,698</b>	
<b>TOTAL 2016 FUNCTIONAL EXPENSES</b>	<b>\$ 6,048,832</b>	<b>\$ 16,573,963</b>	<b>\$ 784,356</b>	<b>\$ 1,133,160</b>	<b>\$ 2,288,797</b>	<b>\$ 485,728</b>	<b>\$ 91,262</b>	<b>\$27,406,098</b>	<b>\$ 4,277,910</b>	<b>\$ 1,679,630</b>	<b>\$ 5,957,540</b>		<b>\$33,363,638</b>

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

**JEWISH FAMILY SERVICE OF LOS ANGELES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

Year Ended June 30, 2017

With Summarized Totals for the Year Ended June 30, 2016

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 2,932,495	\$ 6,310,943
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities:		
Depreciation and Amortization	215,795	342,599
Contract Disallowance	1,805	16,473
Net Realized and Unrealized (Gain) Loss on Investments	(285,628)	542,968
Donated Stocks	(129,639)	(252,071)
Proceeds of Sale of Donated Stocks	129,639	252,071
Permanently Restricted Contributions	(77,882)	(557,796)
Contributions Restricted for Capital Campaign	(2,439,049)	(931,251)
Gain on Sale of Property and Equipment	-	(164,614)
Contribution of Investment in Real Property LLC	-	(1,472,500)
Contribution of Beneficial Interest in Charitable Remainder Trusts	-	(4,713,980)
Change in Value of Beneficial Interest in Charitable Remainder Trusts	(541,277)	-
Change in Value of Beneficial Interest in Perpetual Trusts	(171,388)	242,038
(Increase) Decrease in:		
Accounts and Other Receivables	(1,357,870)	521,107
Pledges Receivable	120,996	233,455
Deposits and Other Assets	17,736	51,298
Increase (Decrease) in:		
Accounts Payable	292,823	31,759
Accrued Liabilities	(165,362)	(205,901)
Refundable Advances	(815,086)	24,571
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>	<b>(2,271,892)</b>	<b>271,169</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Property and Equipment	(635,718)	(1,115,489)
Proceeds from Sale of Property and Equipment	-	4,075,699
Reinvested Interest and Dividend Income (Net)	(158,951)	(355,354)
Proceeds from Sale of Investments	2,500,000	3,754,596
Purchase of Investments	(1,500,089)	(7,533,977)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>205,242</b>	<b>(1,174,525)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Permanently Restricted Contributions	102,882	557,796
Proceeds from Contributions Restricted for Capital Campaign	2,184,867	895,911
Proceeds from (Payments on) Lines of Credit (Net)	825,000	(2,000,000)
Payments on Notes Payable	-	(186,115)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>3,112,749</b>	<b>(732,408)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,046,099</b>	<b>(1,635,764)</b>
Cash and Cash Equivalents - Beginning of Year	485,575	2,121,339
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 1,531,674</b>	<b>\$ 485,575</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash Paid During the Year for Interest	\$ 109,672	\$ 127,020

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements



# **JEWISH FAMILY SERVICE OF LOS ANGELES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2017

### **NOTE 1 - ORGANIZATION**

Jewish Family Service of Los Angeles (JFSLA) is a diverse and diversified social service agency. From its beginning in 1854, JFSLA has evolved along with a changing community and currently serves nearly 100,000 people annually at various sites located throughout the County of Los Angeles. JFSLA serves clients of all ages, ethnicities and religions.

JFSLA's goals are to strengthen and preserve individual, family and community life by providing a wide range of social services to people in need. For more than 160 years, JFSLA has provided compassionate social services to all in need regardless of age, ethnicity, religion or ability to pay. JFSLA counsels families, supports the elderly, feeds the hungry, assists the disabled, and empowers survivors of violence to create independent lives. JFSLA connects older adults and people with disabilities to vital resources, and helps relatives and friends care for loved ones, young and old.

JFSLA employs a dedicated staff of about 300, including licensed social workers, psychologists, public health experts, gerontologists, clinical nurse practitioners, chefs and drivers. They are joined by more than 1,000 dedicated volunteers. A volunteer program, including recruitment, training and placement within JFSLA, provides resources upon which many of the above programs rely.

JFS Care, a California nonprofit public benefit corporation, was founded in 2011. It was formed with the primary purpose of providing in-home care services to individuals and families, and to connect those individuals and families with additional services. JFS Care was formed, and is operated exclusively to support JFSLA, and is controlled by JFSLA.

JFSLA intends to open a new headquarters. To achieve this, JFSLA launched in 2012 a capital campaign with a goal of raising \$36,000,000.

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) PRINCIPLES OF CONSOLIDATION**

The accompanying consolidated financial statements include the accounts of JFSLA and JFS Care. All significant inter-company transactions and balances have been eliminated on consolidation.

#### **(b) BASIS OF PRESENTATION**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

# JEWISH FAMILY SERVICE OF LOS ANGELES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) ACCOUNTING

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of JFSLA are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

- **Unrestricted.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions.
- **Temporarily Restricted.** JFSLA reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the 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 purpose or time restrictions. Donor restricted contributions, whose restrictions have been met in the same reporting period, are reported as unrestricted support in the consolidated statement of activities. JFSLA has \$18,169,935 of temporarily restricted net assets at June 30, 2017.
- **Permanently Restricted.** These net assets are received from donors who stipulate that resources are to be maintained permanently, but permit JFSLA to expend all of the income (or other economic benefits) derived from the donated assets. JFSLA has \$7,893,475 of permanently restricted net assets at June 30, 2017.

#### (d) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are short-term, highly liquid investments with maturities of three months or less at the time of purchase. The carrying value of cash and cash equivalents at June 30, 2017 approximates its fair value.

#### (e) INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value. Units held in the Common Investment Pool managed by the Jewish Community Foundation (JCF) are valued by JCF using the net asset value method. These investments (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Investment in Real Property LLC is based on future rental income projections.

# **JEWISH FAMILY SERVICE OF LOS ANGELES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2017**

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(e) INVESTMENTS (continued)**

Investment purchases and sales are accounted for on a trade-date basis. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income is recorded when earned. Gains or losses (including investments bought, sold, and held during the year), and interest and dividend income are reflected in the consolidated statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily restricted by donor stipulations or by law.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Because of the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

#### **(f) ACCOUNTS AND OTHER RECEIVABLES**

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value. The allowance for doubtful accounts is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due. At June 30, 2017, JFSLA has established an allowance for uncollectible accounts receivable in the amount of \$275,147.

#### **(g) CONCENTRATION OF CREDIT RISK**

JFSLA maintains its cash and cash equivalents in bank deposit accounts and other investment accounts, which, at times, may exceed federally insured limits. JFSLA has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on these accounts.

JFSLA is a beneficiary agency of the Jewish Federation Council of Greater Los Angeles (JFC). JFC provides certain services to JFSLA, including administration of risk management, pension plan and certain other employee benefits. JFSLA reimburses JFC for the cost of these services. Approximately 10% of JFSLA's revenue and support is provided by JFC.

Approximately 27% of JFSLA's revenue and support is provided by various government agencies. Included in the accounts and other receivables balance outstanding at June 30, 2017 is \$2,263,391 of government contracts receivable due from city, county, state, and federal granting agencies. Concentration of credit risk with respect to these receivables is limited, as the majority of JFSLA's receivables consist of earned fees from contract programs granted by government agencies.

# **JEWISH FAMILY SERVICE OF LOS ANGELES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2017

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(g) CONCENTRATION OF CREDIT RISK (continued)**

Approximately 70% of JFSLA's labor force is covered by a collective bargaining agreement, which covers the period of July 1, 2016 through June 30, 2019. The agreement provides a 2.5% wage increase in each of the three years of the agreement period.

**(h) CONTRIBUTIONS AND PLEDGES RECEIVABLE**

Unconditional contributions, including pledges recorded at fair value, are recognized as revenues when the pledge is received. JFSLA reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Conditional promises to give are not included as support until such time as the conditions are substantially met. A discount rate of 2% has been used to calculate the present value of pledges receivable.

**(i) BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUSTS**

JFSLA has been designated as the beneficiary of assets held in charitable remainder trusts administered by other trustees. JFSLA recognizes temporarily restricted contribution revenue and, as a receivable, the present value of the estimated future benefits to be received when the trust assets are distributed. Adjustments to the receivable to reflect the revaluation of the present value of the estimated future payments to JFSLA are recognized in the consolidated statement of activities as a change in value of beneficial interest in charitable remainder trusts. JFSLA has been named as a beneficiary for several living trusts and wills. Due to the conditional nature of these trusts and wills, no amounts have been recorded on the accompanying consolidated financial statements.

**(j) BENEFICIAL INTEREST IN PERPETUAL TRUSTS**

Donors have established and funded trusts, which are administered by third parties other than JFSLA. Under the terms of each trust, JFSLA has the irrevocable right to receive all or a portion of the income earned on the trust assets either in perpetuity or for the life of the trust. JFSLA does not control the assets held by the outside trusts. Annual distributions from the trusts are reported as investment income. Adjustments to the beneficial interest to reflect changes in the fair value are reflected in the consolidated statement of activities as a change in value of beneficial interest in perpetual trusts.

**JEWISH FAMILY SERVICE OF LOS ANGELES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2017

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(k) LAND, BUILDINGS AND EQUIPMENT**

Land, buildings and equipment are recorded at cost at the date of acquisition if purchased or at estimated fair value at the date of donation if donated. Depreciation and amortization are computed using the straight-line basis over the estimated useful lives of the related assets. Land, buildings and equipment are capitalized if the cost of an asset is greater than or equal to \$5,000 and the useful life is greater than one year. The estimated useful lives are as follows:

Buildings and Improvements	10 - 30 Years
Furniture, Vehicles and Equipment	3 - 5 Years
Leasehold Improvements	Lease Term

Expenditures for repairs and maintenance are charged to expense as incurred. Expenditures for fixed assets from certain grant funds are expensed when acquired because the grantor retains title to such assets.

**(l) LONG-LIVED ASSETS**

JFSLA evaluates the carrying values of its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized during the year ended June 30, 2017.

**(m) REFUNDABLE ADVANCES**

Grant funds are recognized as revenue in accordance with the term of the grant and when funds are expended for grant purposes. Refundable advances include both amounts received in excess of funds expended to date as well as grant amounts awarded and not yet expended. In accordance with the term of the grant, each contract must be treated as a separate fund; therefore, continuing programs that accrue debts related to one contract period cannot be paid by cash advances related to another contract period.

**(n) CONTRIBUTED GOODS, SERVICES AND FACILITIES**

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed goods were valued at \$1,792,900 for the year ended June 30, 2017.

A substantial number of volunteers have donated significant amounts of their time to JFSLA. The services that these individuals rendered, however, do not meet the above criteria and, as such, are not recognized as revenue.

# JEWISH FAMILY SERVICE OF LOS ANGELES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**(o) PUBLICITY AND ADVERTISING**

Publicity and advertising costs are expensed as incurred. Total publicity and advertising expense was \$248,157 for the year ended June 30, 2017.

**(p) INCOME TAXES**

JFSLA is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. JFS Care is a 501(c)(3) Supporting Organization.

**(q) FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing JFSLA's programs and other activities have been presented in the consolidated statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. JFSLA uses full-time equivalents to allocate indirect costs.

**(r) USE OF 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 reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Accordingly, actual results could differ from those estimates.

**(s) COMPARATIVE TOTALS**

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with JFSLA's consolidated financial statements for the year ended June 30, 2016 from which the summarized information was derived.

**(t) NEW ACCOUNTING PRONOUNCEMENTS**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which establishes a comprehensive revenue recognition standard for virtually all industries in U.S. GAAP, including those that previously followed industry-specific guidance. For non-public entities, the new standard was originally effective for annual periods beginning after December 15, 2017. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606) - Deferral of Effective Date*, which deferred the effective date for one year. Accordingly, this ASU will be effective for JFSLA for the year ending June 30, 2019. JFSLA is currently evaluating the effect the provisions of ASU 2014-09 will have on the consolidated financial statements.

# JEWISH FAMILY SERVICE OF LOS ANGELES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (t) NEW ACCOUNTING PRONOUNCEMENTS (continued)

In February 2016, FASB issued ASU No. 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. The new standard will require organizations that lease assets with terms of more than 12 months to recognize on the consolidated statement of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU also will require disclosures to help consolidated financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements and providing additional information about the amounts recorded in the consolidated financial statements. For JFSLA, the ASU will be effective for the year ending June 30, 2021.

In August 2016, FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which is intended to reduce complexity in financial reporting. The ASU focuses on improving the current net asset classification requirements and information presented in consolidated financial statements that is useful in assessing a nonprofit's liquidity, financial performance, and cash flows. For JFSLA, the ASU will be effective for the year ending June 30, 2019.

#### (u) SUBSEQUENT EVENTS

JFSLA has evaluated events and transactions occurring subsequent to the consolidated statement of financial position date of June 30, 2017 for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through November 14, 2017, the date these consolidated financial statements were available to be issued. No such material events or transactions were noted to have occurred.

### NOTE 3 - INVESTMENTS

At June 30, 2017, investments consist of the following:

Money Market Funds and Cash Equivalents	\$	83,534
Mutual Funds:		
Large Cap Funds		388,882
Bond Funds		10,678,630
Small Cap Funds		1,591,876
Index Funds		157,025
Investment in Real Property LLC		1,472,500
Jewish Community Foundation Common Investment Pool - Other Investments		260,736
<b>TOTAL INVESTMENTS</b>	<b>\$</b>	<b>14,633,183</b>

Net investment income for the year ended June 30, 2017 consists of the following:

Interest and Dividend Income	\$	293,171
Net Realized and Unrealized Gain on Investments		285,628
Management Fees		(27,410)
<b>INVESTMENT INCOME (NET)</b>	<b>\$</b>	<b>551,389</b>

# JEWISH FAMILY SERVICE OF LOS ANGELES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

### NOTE 4 - FAIR VALUE MEASUREMENTS

JFSLA has implemented the accounting standard for those assets (and liabilities) that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

The following table presents information about JFSLA's assets that are measured at fair value on a recurring basis at June 30, 2017 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Fair Value Measurements Using				
	Year Ended June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV) Per Share or Its Equivalent
Money Market Funds and Cash Equivalents	\$ 83,534	\$ 83,534	\$ -	\$ -	\$ -
Mutual Funds:					
Large Cap Funds	388,882	388,882	-	-	-
Bond Funds	10,678,630	10,678,630	-	-	-
Small Cap Funds	1,591,876	1,591,876	-	-	-
Index Funds	157,025	157,025	-	-	-
<b>TOTAL MUTUAL FUNDS</b>	12,816,413	12,816,413	-	-	-
Investment in Real Property LLC	1,472,500	-	-	1,472,500	-
Jewish Community Foundation Common Investment Pool - Other Investments	260,736	-	-	-	260,736
<b>TOTAL INVESTMENTS</b>	14,633,183	12,899,947	-	1,472,500	260,736
Beneficial Interest in:					
Charitable Remainder Trusts	5,255,257	-	-	5,255,257	-
Perpetual Trusts	2,849,302	-	-	2,849,302	-
<b>TOTAL</b>	<b>\$ 22,737,742</b>	<b>\$ 12,899,947</b>	<b>\$ -</b>	<b>\$ 9,577,059</b>	<b>\$ 260,736</b>

JFSLA recognizes transfers at the beginning of each reporting period. Transfers between Level 1 and 2 generally relate to whether a market becomes active or inactive. Transfers between Level 2 and 3 investments relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety and when redemption rules become more or less restrictive. There were no transfers between levels for the year ended June 30, 2017.

The fair values of marketable securities within Level 1 inputs were obtained based on quoted market prices at the closing of the last business day of the fiscal year.



## JEWISH FAMILY SERVICE OF LOS ANGELES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

#### NOTE 4 - FAIR VALUE MEASUREMENTS (continued)

The fair values of the common investment pool partnership interest, and beneficial interest in charitable remainder trusts and perpetual trusts and investment in Real Property LLC were determined as described in Notes 2(e), 2(i), and 2(j).

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Investment in Real Property LLC	Beneficial Interest in Charitable Remainder Trusts	Beneficial Interest in Perpetual Trusts	Total
Beginning Balance	\$ 1,472,500	\$ 4,713,980	\$ 2,677,914	\$ 8,864,394
Change in Beneficial Interest		541,277	171,388	712,665
<b>ENDING BALANCE</b>	<b>\$ 1,472,500</b>	<b>\$ 5,255,257</b>	<b>\$ 2,849,302</b>	<b>\$ 9,577,059</b>
The Amount of Total Gains or Losses for the Period Attributable to the Change in Unrealized Gains or Losses Relating to Assets Still Held at the Reporting Date	\$ -	\$ 541,277	\$ 171,388	\$ 712,665

#### NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable at June 30, 2017 are expected to be collected as follows:

Within One Year	\$ 866,222
In One to Five Years	2,282,837
<b>TOTAL</b>	3,149,059
Less: Allowance for Doubtful Pledges	(94,472)
Less: Present Value Discount	(161,649)
<b>PLEDGES RECEIVABLE (NET)</b>	<b>\$ 2,892,938</b>

#### NOTE 6 - BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUSTS

JFSLA is the 50% beneficiary of one charitable remainder trust and the 12.5% beneficiary of another charitable remainder trust whose assets are administered by other trustees. Assets held in charitable remainder trusts totaled \$5,255,257 at June 30, 2017, representing the portion of the net present value of the charitable remainder trusts for which JFSLA is the designated beneficiary.

## JEWISH FAMILY SERVICE OF LOS ANGELES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

#### NOTE 7 - BENEFICIAL INTEREST IN PERPETUAL TRUSTS

JFSLA is the 100% beneficiary of eleven perpetual trusts and the 16.67%-25.00% beneficiary of four perpetual trusts whose assets are held by a third party trustee. JFSLA has legally enforceable rights or claims to the annual income. The carrying value of JFSLA's portion of these perpetual trusts at June 30, 2017 was \$2,849,302. The change in value of beneficial interest in perpetual trusts during the year ended June 30, 2017 was \$171,388.

#### NOTE 8 - LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consist of the following as of June 30, 2017:

Land	\$	977,030
Construction in Process		1,314,640
Buildings and Improvements		6,716,006
Furniture, Vehicles and Equipment		1,373,765
Leasehold Improvements		538,338
<b>TOTAL</b>		<b>10,919,779</b>
Less: Accumulated Depreciation and Amortization		(7,602,668)
<b>LAND, BUILDINGS AND EQUIPMENT (NET)</b>	<b>\$</b>	<b>3,317,111</b>

Depreciation and amortization expense for the year ended June 30, 2017 was \$215,795.

In 1996, JFSLA and the City of Los Angeles owned, as tenants-in-common, certain real property used as a Multiservice Center for senior citizens. In 1997, the City of Los Angeles sold the property to JFSLA in return for a note in the amount of \$350,000. This note was fully forgiven during the year ended June 30, 2013. In addition, the balance of the Senior Services building annex was acquired in 1989 with a State of California grant for \$331,750. If JFSLA disposes of these buildings, a portion of the proceeds may revert to the grantor, namely the City of Los Angeles or the State of California.

In 1986, JFSLA purchased the Pico-Robertson Family Resource Center from a grantor at a reduced price. In 1996, JFSLA and the grantor entered into an agreement that if the Pico-Robertson Center were to be disposed, a portion of the proceeds will revert to the grantor.

Construction in process consists of the following projects:

	Costs Incurred at June 30, 2017	Estimated Remaining Cost-to- Complete
Freda Mohr Center	\$ 1,087,442	\$ 25,000,000
Gramercy Place - Remodel	72,922	Unknown
Pico - Sova Remodel	154,276	Unknown
<b>TOTAL</b>	<b>\$ 1,314,640</b>	<b>\$ 25,000,000</b>

# JEWISH FAMILY SERVICE OF LOS ANGELES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

### NOTE 9 - ACCRUED LIABILITIES

Accrued liabilities at June 30, 2017 consist of the following:

Accrued Vacation	\$	692,575
Accrued Payroll		361,930
Other		<u>(21,359)</u>
<b>TOTAL ACCRUED LIABILITIES</b>	<b>\$</b>	<b><u>1,033,146</u></b>

### NOTE 10 - LINE OF CREDIT

In July 2012, JFSLA entered into a real estate line of credit with a bank originally due April 15, 2016 in the amount of \$2,000,000. In February 2016, the due date was extended through April 15, 2018, and the principal amount was increased to \$3,500,000. The line is secured by certain real estate of JFSLA and bears interest at 3% above one-month LIBOR. At June 30, 2017, the balance due on the line of credit was \$3,325,000 and the interest rate was 4.17%.

This line of credit contains various covenants. At June 30, 2017, JFSLA was not in compliance with the covenant to maintain unrestricted net assets of \$2,000,000, however JFSLA obtained a waiver of this covenant from the bank.

The one-month LIBOR rate was 1.17% at June 30, 2017.

### NOTE 11 - NOTE PAYABLE

Note payable at June 30, 2017 consists of the following:

Note Payable to the City of Los Angeles Housing Department (LAHD) as Successor to the Community Redevelopment Agency of the City of Los Angeles (CRA/LA) in the Original Principal Amount of \$175,000, Secured by First Deed of Trust on Land and Buildings of the Gramercy Shelter, Principal and Interest at 3% Due in Annual Payments Made Exclusively from Residual Receipts (as Defined in the Loan Agreement) Derived from the Project at the Financed Property. No Residual Receipts are Anticipated as the Gramercy Shelter Does Not Charge Fees for Use. The note was due July 2016 and final approval of the forgiveness is pending.

\$ 175,000

No interest on the LAHD note was recognized during the year ended June 30, 2017.

# JEWISH FAMILY SERVICE OF LOS ANGELES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

### NOTE 12 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2017 included the following:

Capital Campaign	\$ 12,291,349
Time Restricted (Charitable Remainder Trusts)	5,255,257
Holocaust	249,892
SOVA Programs	136,689
Central Access Database	113,791
Freda Mohr Multipurpose Center	90,428
Other Programs	32,529
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b>\$ 18,169,935</b>

### NOTE 13 - RETIREMENT BENEFITS

JFSLA participates with other agencies in the Basic Pension Plan for Employees of Jewish Federation Council of Greater Los Angeles, (employer identification number: 95-1643388; plan number: 001), a multiemployer defined benefit and contribution pension plan (the Multiemployer Plan). The risks of participating in a multiemployer plan are different from single-employer plans in the following aspects:

- Assets contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to a multiemployer plan, the unfunded obligations of the multiemployer plan may be borne by the remaining participating employers.
- If JFSLA chooses to stop participating in the Multiemployer Plan, JFSLA may be required to pay the Multiemployer Plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Multiemployer Plan covers full-time employees with more than one year of service and is subject to a collective bargaining agreement which expires on June 30, 2019. JFSLA's employer contributions under this plan for the year ended June 30, 2017 were \$1,473,164. JFSLA's contributions during the Multiemployer Plan year ended December 31, 2016 represented greater than 5% of total contributions to the Multiemployer Plan (per the most recently available annual report). Management believes this plan to be underfunded; however, the amount attributable to JFSLA is indeterminable at this time and, therefore, any underfunding is not reflected on the accompanying consolidated financial statements.

The Multiemployer Plan's zone status, as defined by the Pension Plan Protection Act (the Act), for the year ended December 31, 2016, was considered to be in the "Green Zone" because the Multiemployer Plan's funded percentage was more than 80%. For the year ended December 31, 2016, the Multiemployer Plan's funded percentage was 90.09%. The funded percentage is determined by dividing the value of the plan's assets by the plan's liability for accrued pension benefits, measured as of the first day of the plan year.

# JEWISH FAMILY SERVICE OF LOS ANGELES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

### NOTE 13 - RETIREMENT BENEFITS (continued)

The Multiemployer Plan adopted a Funding Improvement Plan on November 12, 2008 to meet compliance requirements under the Act. The Funding Improvement Plan provided for the Multiemployer Plan to continue its funding policy as described above. In November 2011, the Funding Improvement Plan was updated to adjust the schedule of projected contributions in future years, in order to ensure that the Multiemployer Plan would remain on target to achieve the required goals of the Funding Improvement Plan. The current Funding Improvement Plan is no longer in effect since the Plan is no longer in endangered status.

The law requires that every pension plan have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of contributions needed to pay for benefits promised under the Multiemployer Plan currently and in future years. The funding policy of the Multiemployer Plan is to fund the plan based on contributions from the Participating Employers. The Participating Employers are required to make contributions that, collectively, are designed to meet or exceed the minimum ERISA funding requirements. The minimum ERISA funding requirements are determined by an actuary on an annual basis. The Participating Employers' contributions for the Multiemployer Plan's year ended December 31, 2016 exceeded the minimum funding requirements of ERISA.

Effective January 1, 2006, new employees are no longer eligible to participate in the Multiemployer Plan; instead they are eligible to participate in the defined contribution plan, which provides contributions at a set percentage of eligible compensation. JFSLA made contributions of \$308,984 to this defined contribution plan for the year ended June 30, 2017.

Effective May 1, 2014, one employer ceased to participate in the Multiemployer Plan. However, the amount of liability attributable to JFSLA as a result of this action is indeterminable at this time. Therefore, no additional liability has been reflected in the accompanying consolidated financial statements.

### NOTE 14 - COMMITMENTS AND CONTINGENCIES

#### (a) OPERATING LEASES

JFSLA leases facilities and equipment under operating leases with various terms expiring through June 2022. Future minimum payments, by year and in the aggregate, under these leases with initial or remaining terms of one year or more are as follows:

Years Ending June 30	
2018	\$ 583,309
2019	182,989
2020	174,712
2021	90,755
2022	679
<b>TOTAL</b>	<b>\$ 1,032,444</b>

Rent expense under operating leases for the year ended June 30, 2017 was \$714,814.

# **JEWISH FAMILY SERVICE OF LOS ANGELES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2017**

### **NOTE 14 - COMMITMENTS AND CONTINGENCIES (continued)**

#### **(b) CONTRACTS**

JFSLA's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated.

#### **(c) PROTECTIVE SERVICES PROGRAM**

JFSLA acts as a court-appointed conservator of \$7,964 in assets for clients needing such protective services. These assets are not reflected in the consolidated financial statements as the assets belong to the clients of the protective services program. As of June 30, 2017 approximately \$1,905 in fees are due to JFSLA related to services provided under this program and are included in accounts and other receivables.

#### **(d) LITIGATION**

In the ordinary course of conducting its business, JFSLA may become involved in various lawsuits. Some of these proceedings may result in judgments being assessed against JFSLA which, from time to time, may have an impact on the consolidated change in net assets. JFSLA does not believe that these proceedings, individually or in the aggregate, are material to its financial condition.

### **NOTE 15 - ENDOWMENTS**

JFSLA's endowments consist of funds established for a variety of purposes. Endowment funds are established by donor-restricted gifts and bequests to either provide a permanent endowment, which is to provide a permanent source of income to JFSLA, or a term endowment, which is to provide income for a specified period to JFSLA. Beneficial interests in perpetual trusts administered by outside trustees are not considered part of JFSLA's endowments.

JFSLA's management understands California State law as (1) requiring the preservation of the fair value of the original gifts as of the gift date of the donor restricted endowment funds, absent donor stipulations to the contrary and (2) allowing the spending of income and gains on permanently restricted endowments, absent explicit donor stipulations that all or a portion of such gains be maintained in perpetuity.

The primary long-term financial objective for JFSLA's endowments is to preserve the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation and costs of portfolio management. Performance of the overall endowment against this objective is measured over an investment horizon of ten years. The endowments are also managed to optimize the long run total rate of return on invested assets, assuming a prudent level of risk. The goal for this rate of return is one that funds JFSLA's existing spending policy and allows sufficient reinvestment to grow the endowment principal at a rate that exceeds inflation (as measured by the Consumer Price Index). Over the short term, the return for each element of the endowment portfolio should match or exceed each of the returns for the broader capital markets in which assets are invested.

# JEWISH FAMILY SERVICE OF LOS ANGELES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

### NOTE 15 - ENDOWMENTS (continued)

JFSLA has developed a spending policy that will distribute a specific payout rate of the endowment base to support JFSLA's programs. The endowment base has been defined as a 12-quarter moving average of the market value of the total endowment portfolio. The distribution or payout rate will be at 5% of the base. Such a policy will allow for a greater predictability of spendable income for budgeting purposes and for gradual steady growth for the support of operations by the endowments. In addition, this policy will minimize the probability of invading the principal over the long term.

At times, the fair value of assets associated with these endowment funds may fall below the level that the donors require JFSLA to retain as funds of perpetual duration. These deficiencies result from unfavorable market fluctuations. In accordance with generally accepted accounting principles, there are no deficiencies of this nature that are reported in unrestricted net assets at June 30, 2017.

**Endowment Net Asset  
Composition by Type of Fund  
at June 30, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted	\$ -	\$ 84,853	\$ 5,044,173	\$ 5,1129,026

**Changes in Endowment Net  
Assets for the Year Ended  
June 30, 2017**

Endowment Net Assets -				
Beginning of Year	\$ (56,034)	\$ -	\$ 4,536,291	\$ 4,480,257
Contributions	-	-	77,882	77,882
Collection of Endowment Pledge	-	-	25,000	25,000
Investment Income	56,034	84,853	-	140,887

***ENDOWMENT NET ASSETS -  
END OF YEAR***

	\$ -	\$ 84,853	\$ 4,639,173	\$ 4,724,026
Endowment Pledges Receivable (Net)	-	-	405,000	405,000

***TOTAL ENDOWMENT  
ASSETS***

	\$ -	\$ 84,853	\$ 5,044,173	\$ 5,129,026
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**JEWISH FAMILY SERVICE  
OF LOS ANGELES**

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2017



**JEWISH FAMILY SERVICE OF LOS ANGELES**  
**CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2017

Federal Grantor/Passed Through Grantor/Program or Cluster Title	Grant Period	Contract and/or Passed through Grantor's Number	Federal CFDA Number	Disbursements or Expenditures
<b>U.S. Department of Health and Human Services</b>				
Passed through City of Los Angeles Department of Aging:				
City C1-Congregate (Westside)	1-Jul-16 to 30-Jun-17	C-128326	93.045	\$ 217,131
City C1-NSIP (Westside)	1-Jul-16 to 30-Jun-17	C-128326	93.053	28,755
City C2-Home Delivered (Westside)	1-Jul-16 to 30-Jun-17	C-128326	93.045	55,411
City C2-NSIP (Westside)	1-Jul-16 to 30-Jun-17	C-128326	93.053	15,280
City IIIB-West Wilshire	1-Jul-16 to 30-Jun-17	C-128328	93.044	119,736
City IIIB-Westside	1-Jul-16 to 30-Jun-17	C-128326	93.044	111,301
NSIP-West Wilshire C1	1-Jul-16 to 30-Jun-17	C-128328	93.053	30,605
NSIP-West Wilshire C2	1-Jul-16 to 30-Jun-17	C-128328	93.053	24,979
OASIS	1-Jul-16 to 30-Jun-17	C-128325	93.044	31,817
West Wilshire C1	1-Jul-16 to 30-Jun-17	C-128328	93.045	230,587
West Wilshire C2	1-Jul-16 to 30-Jun-17	C-128328	93.045	90,944
Passed through County of Los Angeles:				
County Congregate Meals C1	1-Jul-16 to 30-Jun-17	AAA-ENP161702	93.045	54,915
County C1-NSIP	1-Jul-16 to 30-Jun-17	AAA-ENP161702	93.053	6,330
County C2-Home Delivered Meals	1-Jul-16 to 30-Jun-17	AAA-ENP161702	93.045	73,086
County C2-NSIP	1-Jul-16 to 30-Jun-17	AAA-ENP161702	93.053	23,289
County Telephone Reassurance	1-Jul-16 to 30-Jun-17	AAA-ENP161702	93.044	1,000
Supportive Services Program	1-Jul-16 to 30-Jun-17	SSP-1014-13	93.044	68,512
<b>TOTAL AGING CLUSTER</b>				1,183,678
<b>U.S. Department of Health and Human Services</b>				
Passed through State of California Department of Aging:				
Multi-Purpose Senior Service Program	1-Jul-16 to 30-Jun-17	MS-1314-04	93.778	20,915
Passed through County of Los Angeles:				
Family Caregiver Support Program	1-Jul-16 to 30-Jun-17	FCSP-0913-007	93.052	44,477
County of LA CalWORKs	1-Jul-16 to 30-Jun-17	SSC-000024	93.558	182,000
County of LA SAPC (a)	1-Jul-16 to 30-Jun-17	PH-002782	93.959	325,142
UCLA Dementia Care Project	1-Jul-16 to 30-Jun-17	1558 P QA736	93.610	7,598
<b>Total U.S. Department of Health and Human Services</b>				580,132

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**JEWISH FAMILY SERVICE OF LOS ANGELES**  
**CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2017

Federal Grantor/Passed Through Grantor/Program or Cluster Title	Grant Period	Contract and/or Passed through Grantor's Number	Federal CFDA Number	Disbursements or Expenditures
<b>U.S. Department of Homeland Security</b>				
EFSP for Family Violence Project	1-Jul-15 to 31-Dec-16	Phase 33	97.024	\$ 85,384
EFSP for SOVA Community Food & Resource Center	1-Jul-15 to 31-Dec-16	Phase 33	97.024	43,045
<b>Total U.S. Department of Homeland Security</b>				<u>128,429</u>
<b>U.S. Department of Housing and Urban Development:</b>				
Passed through Los Angeles Homeless Services Authority:				
HUD CoC Family Violence Program	1-Apr-16 to 31-Mar-17	CA0372L9D001508	14.267	213,794
HUD CoC Family Violence Program	1-Apr-17 to 31-Mar-18	CA0372L9D001609	14.267	64,733
				<u>278,527</u>
Passed through City of Los Angeles				
Community Development Department:				
City of L.A. HCID D.V. Shelter	1-Jul-16 to 30-Jun-17	128425	14.218	83,837
<b>Total U.S. Department of Housing and Urban Development</b>				<u>362,364</u>
<b>U.S. Department of Public Safety and Victim Services:</b>				
Passed through State of California Office of Criminal Justice Planning:				
State of CA OES - Family Violence Project (a)	1-Jul-16 to 30-Sep-17	DV16161773	16.575	312,872
State of CA OES - Haven House (a)	1-Jul-16 to 30-Sep-17	DV16131773	16.575	300,332
State of CA OES - XH (Transitional) (a)	1-Jul-16 to 31-Dec-19	XH16011773	16.575	27,654
<b>Total U.S. Department of Public Safety and Victim Services</b>				<u>640,858</u>
<b>U.S. Department of Justice:</b>				
City of L.A. DART (FVP)	1-Oct-14 to 30-Sep-17	125878	16.590	8,748
<b>Total U.S. Department of Justice</b>				<u>8,748</u>
<b>TOTAL FEDERAL AWARDS</b>				<u><u>\$ 2,904,209</u></u>

(a) Audited as a Major Program

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**JEWISH FAMILY SERVICE OF LOS ANGELES**

NOTES TO CONSOLIDATED SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2017

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Consolidated Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of JFSLA under programs of the Federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of JFSLA, it is not intended to and does not present the financial position, changes in net assets, or cash flows of JFSLA.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 3 - INDIRECT COST RATE**

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

Total Disbursements or Expenditures by CFDA Number are summarized as follows:

Federal CFDA Number	Program Description	Disbursements or Expenditures
14.218	Community Development Block Grants/Entitlement Grants	\$ 83,837
14.267	HUD CoC (Family Violence Program)	278,527
16.575	State of California OES (Family Violence Project)	640,858
16.590	DART	8,748
93.044	Special Programs for the Aging Title III Part B	332,366
93.045	Special Programs for the Aging Title III Part C	722,074
93.052	Family Caregiver Support Program Title III Part E	44,477
93.053	Nutritional Services Incentive Program	129,238
93.558	Emergency Shelter Program for Battered Women and Children	182,000
93.610	UCLA Dementia Care Project	7,598
93.778	Medical Assistance Program - MSSP	20,915
93.959	Block Grants for Prevention and Treatment of Substance Abuse	325,142
97.024	EFSP for SOVA Community Food & Resource Center	128,429
<b>TOTAL FEDERAL AWARDS</b>		<b>\$ 2,904,209</b>

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**JEWISH FAMILY SERVICE OF LOS ANGELES**

**CONSOLIDATED SCHEDULE OF AWARDS FROM THE CITY OF LOS ANGELES  
Year Ended June 30, 2017**

Funding	Program	Grant Number	Location	Department of Aging	USDA Entitlement (NSIP)	Housing and Community Investment Department	Los Angeles Housing Department	U.S. Department of Justice	Non-Government Reimbursement (Non-Match)	Program Income	Matching (1)	Total (2)
Title III B	Supportive svcs	C-128326	Westside	\$ 115,398	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50	\$ 114,927	\$ 230,375
Title III B	Supportive svcs	C-128328	West Wilshire	124,143	-	-	-	-	-	294	153,649	278,086
Title III B-OASIS	Supportive svcs	C-128325	Citywide	31,817	-	-	-	-	-	214	15,417	47,448
Title III C1	Congregate Meals	C-128328	West Wilshire	255,159	30,605	-	-	-	-	31,061	349,074	665,899
Title III C2	Home Delivered Meals	C-128328	West Wilshire	234,091	24,979	-	-	-	-	11,894	225,949	496,913
Title III C1	Congregate Meals	C-128326	Westside	240,269	28,755	-	-	-	805	26,819	85,580	382,228
Title III C2	Home Delivered Meals	C-128326	Westside	142,628	15,280	-	-	-	487	11,374	66,240	236,008
City of LA-EBP West Wilshire	Health and Wellness	C-127799	West Wilshire	59,506	-	-	-	-	-	-	23,474	82,980
City of LA-EBP West Wilshire	Health and Wellness	C-129257	West Wilshire	18,750	-	-	-	-	-	-	-	18,750
Proposition A	Cityride-Transportation	C-128328	West Wilshire	205,204	-	-	-	-	-	2,513	105,717	313,433
Proposition A	Cityride	C-128326	Westside	256,320	-	-	-	-	-	3,978	128,210	388,508
City of L.A. HCID D.V. Shelter 2016-17	D V Transitional Shelter	128425	North H'wood	-	-	191,408	-	-	-	-	50,083	241,491
City of L.A. DART (FVP)	DART	125878	Sherman Oaks	-	-	-	-	8,748	-	-	-	8,748
HUD CoC (FVP) 2016-17	Family Violence-Hope Cottage	CA0372L9D001508	North Hills	-	-	-	213,794	-	-	-	-	213,794
<b>TOTAL AWARDS FROM THE CITY OF LOS ANGELES</b>				<b>\$ 1,683,285</b>	<b>\$ 99,619</b>	<b>\$ 191,408</b>	<b>\$ 213,794</b>	<b>\$ 8,748</b>	<b>\$ 1,292</b>	<b>\$ 88,197</b>	<b>\$ 1,318,320</b>	<b>\$ 3,604,661</b>

(1) Matching revenue includes in-kind contributions from donated services. In accordance with nonprofit accounting, such matching amounts are not reflected in the consolidated financial statements of JFSLA, which are prepared in accordance with the accounting principles generally accepted in the United States of America.

(2) Basis of Accounting - The Consolidated Schedule of Awards from the City of Los Angeles has been reported on the accrual basis of accounting.