JEWISH FAMILY SERVICE OF LOS ANGELES

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

JEWISH FAMILY SERVICE OF LOS ANGELES

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

CONTENTS

Green
Hasson
Janks

10990 Wilshire Boulevard
16th Floor
Los Angeles, CA 90024

310.873.1600 T
310.873.6600 F
www.greenhassonjanks.com

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, 2018, 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, 2018 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 2017 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 14, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, 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 supplementary 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 13, 2018 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 13, 2018
Los Angeles, California

JEWISH FAMILY SERVICE OF LOS ANGELES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2018
With Summarized Totals at June 30, 2017

	2018	2017
ASSETS		
Cash and Cash Equivalents	$ 3,025,588	$ 1,531,674
Restricted Cash (Note 11)	8,842,626	-
Investments	9,128,825	14,633,183
Accounts and Other Receivables (Net)	2,541,287	3,841,694
Pledges Receivable (Net)	4,158,152	2,892,938
Beneficial Interest in Charitable Remainder Trusts	5,364,930	5,255,257
Beneficial Interest in Perpetual Trusts	2,914,093	2,849,302
Deposits and Other Assets	266,073	297,757
Land, Buildings and Equipment (Net)	4,992,681	3,317,111
TOTAL ASSETS	$ 41,234,255	$ 34,618,916
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable	$ 1,687,557	$ 2,049,360
Accrued Liabilities	1,085,258	1,033,146
Refundable Advances	832,568	595,414
Line of Credit	2,650,000	3,325,000
Notes Payable	175,000	175,000
Loan Payable	50,001	-
Debt Issuance Costs	(280,950)	-
Loan Payable (Net) (Note 11)	(230,949)	-
TOTAL LIABILITIES	6,199,434	7,177,920
NET ASSETS:		
Unrestricted	2,106,537	1,377,586
Temporarily Restricted	23,843,468	18,169,935
Permanently Restricted	9,084,816	7,893,475
TOTAL NET ASSETS	35,034,821	27,440,996
TOTAL LIABILITIES AND NET ASSETS	$ 41,234,255	$ 34,618,916

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, 2018
With Summarized Totals for the Year Ended June 30, 2017

	2018				2017
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUE AND SUPPORT:					
Revenues:					
Government Fees	$ 10,045,344	$ -	$ -	$ 10,045,344	$ 9,702,802
Client Fees, Program Income and Reimbursements	5,181,617	-	-	5,181,617	4,865,760
Support - Direct:					
Contributions	2,517,606	1,105,301	1,126,550	4,749,457	4,628,776
Capital Campaign Contributions	-	7,859,992	-	7,859,992	2,439,049
Special Events (Net of Direct Expenses of $223,310)	1,191,429	-	-	1,191,429	1,111,527
Grants	7,351,331	-	-	7,351,331	6,759,705
Gifts In-Kind	1,846,120	-	-	1,846,120	1,792,900
Change in Value of Charitable Remainder Trust	-	109,673	-	109,673	541,277
Change in Value of Beneficial Interest in Perpetual Trusts	-	-	64,791	64,791	171,388
Support - Indirect:					
Allocation from Jewish Federation Council	2,770,003	-	-	2,770,003	3,534,972
Grants Passed Through Jewish Federation Council	83,206	-	-	83,206	101,210
Investment Income (Loss) (Net)	320,233	244,429	-	564,662	551,389
Rental and Other Income	48,940	-	-	48,940	131,438
Net Assets Released from Purpose Restrictions	3,645,862	(3,645,862)	-	-	-
TOTAL REVENUE AND SUPPORT	35,001,691	5,673,533	1,191,341	41,866,565	36,332,193
EXPENSES:					
Program Services	26,975,973	-	-	26,975,973	27,013,278
Supporting Services	7,296,767	-	-	7,296,767	6,386,420
TOTAL EXPENSES	34,272,740	-	-	34,272,740	33,399,698
CHANGE IN NET ASSETS	728,951	5,673,533	1,191,341	7,593,825	2,932,495
Net Assets - Beginning of Year	1,377,586	18,169,935	7,893,475	27,440,996	24,508,501
NET ASSETS - END OF YEAR	$ 2,106,537	$ 23,843,468	$ 9,084,816	$ 35,034,821	$ 27,440,996

JEWISH FAMILY SERVICE OF LOS ANGELES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2018
With Summarized Totals for the Year Ended June 30, 2017

	Program Services								Supporting Services			Total Expenses	
	Nutrition and Hunger	Senior/Older Adults	Children and Families	Counseling	Shelter Services	Immigration and Resettlement	Nonprofit Consulting Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	2018	2017
Salaries	$ 1,638,626	$ 7,639,283	$ 510,655	$ 584,560	$ 1,412,800	$ 87,026	$ 62,824	$ 11,935,774	$ 2,450,917	$ 809,283	$3,260,200	$ 15,195,974	$ 14,506,200
Payroll Taxes and Employee Benefits	569,684	2,236,728	141,199	163,368	460,234	20,004	17,563	3,608,780	1,597,822	148,103	1,745,925	5,354,705	5,045,307
Employee Expenses	18,515	167,393	6,933	9,524	12,464	1,705	159	216,693	97,586	9,613	107,199	323,892	288,764
TOTAL PERSONNEL COSTS	2,226,825	10,043,404	658,787	757,452	1,885,498	108,735	80,546	15,761,247	4,146,325	966,999	5,113,324	20,874,571	19,840,271
Direct Client Services	722,748	5,299,461	150	259,055	48,210	10,511	-	6,340,135	6,528	625	7,153	6,347,288	6,538,031
Gifts In-Kind	1,846,120	-	-	-	-	-	-	1,846,120	-	-	-	1,846,120	1,792,900
Professional and Temporary Services	68,348	515,934	9,796	41,462	2,022	325	-	637,887	307,263	174,121	481,384	1,119,271	1,342,616
Rent and Occupancy	457,078	202,635	32,773	75,704	99,364	17,683	8,725	893,962	216,436	324,149	540,585	1,434,547	1,237,392
Program Activities	(1,858)	263,167	23,234	124	2,021	-	-	286,688	21,658	35,696	57,354	344,042	359,923
Interest and Other Fees	296	33,311	2,138	5,106	808	-	-	41,659	274,572	39,661	314,233	355,892	346,845
Data Communications	52,126	147,252	14,297	13,918	41,396	3,665	280	272,934	20,088	1,928	22,016	294,950	299,790
Publicity and Advertising	1,371	34,171	1,386	354	678	-	-	37,960	123,872	46,178	170,050	208,010	248,157
Property Taxes and Insurance	39,142	123,362	8,412	12,225	36,058	1,648	745	221,592	65,200	4,602	69,802	291,394	246,909
Equipment and Building Purchases	4,874	37,482	236	2,015	8,506	929	130	54,172	91,986	59,430	151,416	205,588	224,461
Supplies and Materials	41,998	70,293	5,396	6,040	30,512	157	357	154,753	25,404	60,267	85,671	240,424	220,489
Depreciation and Amortization	36,607	68,933	3,876	3,272	23,484	-	456	136,628	10,544	2,686	13,230	149,858	215,795
Dues and Subscriptions	180	27,285		233	674	-	-	28,372	51,808	385	52,193	80,565	115,438
Printing and Reproduction	12,865	16,102	605	1,690	1,773	-	-	33,035	4,502	30,515	35,017	68,052	112,169
Equipment, Repairs and Maintenance	28,402	35,200	3,665	4,347	18,677	1,042	519	91,852	26,294	4,845	31,139	122,991	99,705
Security	48,655	21,991	3,877	3,645	7,997	76	33	86,274	1,267	743	2,010	88,284	84,059
Postage and Delivery	2,034	17,170	600	660	1,974	123	-	22,561	11,304	9,249	20,553	43,114	42,624
Miscellaneous	1,293	19,592	500	250	11	-	-	21,646	11,733	7,156	18,889	40,535	30,319
Bad Debt Expense	-	6,496	-	-	-	-	-	6,496	110,748	-	110,748	117,244	1,805
TOTAL 2018 FUNCTIONAL EXPENSES	$ 5,589,104	$ 16,983,241	$ 769,728	$ 1,187,552	$2,209,663	$ 144,894	$ 91,791	$ 26,975,973	$ 5,527,532	$ 1,769,235	$ 7,296,767	$ 34,272,740	
TOTAL 2017 FUNCTIONAL EXPENSES	$ 5,497,064	$ 16,884,827	$ 815,356	$ 1,326,789	$2,003,374	$ 412,350	$ 73,518	$ 27,013,278	$ 4,857,748	$ 1,528,672	$6,386,420		$33,399,698

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, 2018
With Summarized Totals for the Year Ended June 30, 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ 7,593,825	$ 2,932,495
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	149,858	215,795
Bad Debt Expense	117,244	1,805
Net Realized and Unrealized Gain on Investments	(233,243)	(285,628)
Donated Stocks	(90,989)	(129,639)
Proceeds on Sale of Donated Stocks	90,562	129,639
Permanently Restricted Contributions	(1,126,550)	(77,882)
Contributions Restricted for Capital Campaign	(7,859,992)	(2,439,049)
Change in Value of Beneficial Interest in Charitable Remainder Trusts	(109,673)	(541,277)
Change in Value of Beneficial Interest in Perpetual Trusts	(64,791)	(171,388)
(Increase) Decrease in:		
Accounts and Other Receivables	1,300,407	(1,357,870)
Pledges Receivable	3,937,628	120,996
Deposits and Other Assets	31,684	17,736
Increase (Decrease) in:		
Accounts Payable	(361,803)	292,823
Accrued Liabilities	52,112	(165,362)
Refundable Advances	237,154	(815,086)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	3,663,433	(2,271,892)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(1,825,428)	(635,718)
Reinvested Interest and Dividend Income (Net)	(168,359)	(158,951)
Proceeds from Sale of Investments	10,315,024	2,500,000
Purchase of Investments	(4,407,637)	(1,500,089)
NET CASH PROVIDED BY INVESTING ACTIVITIES	3,913,600	205,242
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Permanently Restricted Contributions	1,531,550	102,882
Proceeds from Contributions Restricted for Capital Campaign	2,133,906	2,184,867
Proceeds from (Payments on) Lines of Credit (Net)	(675,000)	825,000
Proceeds from Loan Payable	50,000	-
Payment of Debt Issuance Costs	(280,949)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	2,759,507	3,112,749
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,336,540	1,046,099
Cash and Cash Equivalents - Beginning of Year	1,531,674	485,575
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	$ 11,868,214	$ 1,531,674

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, 2018
With Summarized Totals for the Year Ended June 30, 2017

	2018	2017
Cash and Cash Equivalents	$ 3,025,588	$ 1,531,674
Restricted Cash	8,842,626	-
TOTAL CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	$ 11,868,214	$ 1,531,674
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid During the Year for Interest	$ 102,963	$ 109,672

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

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 tens of thousands of 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 hundreds of 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 and construction is now in progress, with an expected opening date in 2020. To achieve this, and to grow its endowment, JFSLA is in a capital campaign with a goal to raise $51,000,000.

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.

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 $23,843,468 of temporarily restricted net assets at June 30, 2018.

- **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 $9,084,816 of permanently restricted net assets at June 30, 2018.

(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, 2018 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 the appraised value of the property, which approximates fair value.

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, 2018, JFSLA has established an allowance for uncollectible accounts receivable in the amount of $317,071.

(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 7% of JFSLA's revenue and support is provided by JFC.

Approximately 24% of JFSLA's revenue and support is provided by various government agencies. Included in the accounts and other receivables balance outstanding at June 30, 2018 is $2,536,859 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.

Approximately 73% 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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, 2018.

(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 $1,846,120 for the year ended June 30, 2018.

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.

(o) PUBLICITY AND ADVERTISING

Publicity and advertising costs are expensed as incurred. Total publicity and advertising expense was $208,010 for the year ended June 30, 2018.

(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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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, 2017 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) No. 2014-09, *Revenue from Contracts with Customers*, which improves and converges the revenue recognition requirements of accounting principles generally accepted in the United States of America and International Financial Reporting Standards. The ASU replaces the existing accounting standards for revenue recognition with a single comprehensive five-step model, which is intended to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance has subsequently been amended through a series of ASUs between August 2015 and September 2017 to improve the operability and understandability of the implementation guidance on scope exceptions, and various other narrow aspects, as identified and addressed in such updates. For JFSLA, the ASU and subsequent amendments will be effective for the year ending June 30, 2019.

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 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 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 financial statements. For JFSLA, the ASU will be effective for the year ending June 30, 2021.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) NEW ACCOUNTING PRONOUNCEMENTS (continued)

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.

In November 2016, FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230) - Restricted Cash*, which is intended to address diversity in practice due to a lack of guidance on how to classify and present changes in restricted cash or restricted cash equivalents in the statement of cash flows. As permitted by the ASU, JFSLA adopted this guidance during the year ended June 30, 2018.

In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance. For JFSLA, the ASU will be effective for the year ending June 30, 2020.

In August 2018, FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820) - Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurements*, which is intended to improve the effectiveness of financial statement disclosures. The ASU removes and modifies certain disclosure requirements under Topic 820. Early adoption is permitted upon issuance of this ASU, including in any interim period for which financial statements have not yet been issued or made available for issuance. Consequently JFSLA early adopted this ASU during the year ended June 30, 2018.

(u) SUBSEQUENT EVENTS

JFSLA has evaluated events and transactions occurring subsequent to the consolidated statement of financial position date of June 30, 2018 for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through November 13, 2018, the date these consolidated financial statements were available to be issued. No such material events or transactions were noted to have occurred, except as described in Note 10.

NOTE 3 - INVESTMENTS

At June 30, 2018, investments consist of the following:

Money Market Funds and Cash Equivalents	$	1,070,899
Mutual Funds:		
Large Cap Equity		1,044,683
Small Cap Equity		180,225
Foreign Markets		711,737
Fixed Income		1,176,088
Alternative Investments		1,279,418
U.S. Treasury Bonds		1,788,537
Investment in Real Property LLC		1,594,426
Jewish Community Foundation Common Investment Pool - Other Investments		282,812
TOTAL INVESTMENTS	$	9,128,825

Net investment income for the year ended June 30, 2018 consists of the following:

Interest and Dividend Income	$	360,242
Net Realized and Unrealized Gain on Investments		233,243
Management Fees		(28,823)
INVESTMENT INCOME (NET)	$	564,662

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).

NOTE 4 - FAIR VALUE MEASUREMENTS (continued)

The following table presents information about JFSLA's assets that are measured at fair value on a recurring basis at June 30, 2018 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

		Fair Value Measurements Using			
	Year Ended June 30, 2018	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	$ 1,070,899	$ 1,070,899	$ -	$ -	$ -
Mutual Funds:					
Large Cap Equity	1,044,683	1,044,683	-	-	-
Small Cap Equity	180,225	180,225	-	-	-
Foreign Markets	711,737	711,737	-	-	-
Fixed Income	1,176,088	1,176,088	-	-	-
Alternative Investments	1,279,418	1,279,418	-	-	-
TOTAL MUTUAL FUNDS	4,392,151	4,392,151	-	-	-
U.S. Treasury Bonds	1,788,537	-	1,788,537	-	-
Investment in Real Property LLC	1,594,426	-	-	1,594,426	-
Jewish Community Foundation Common Investment Pool - Other Investments	282,812	-	-	-	282,812
TOTAL INVESTMENTS	9,128,825	5,463,050	1,788,537	1,594,426	282,812
Beneficial Interest in:					
Charitable Remainder Trusts	5,364,930	-	-	5,364,930	-
Perpetual Trusts	2,914,093	-	-	2,914,093	-
TOTAL	$ 17,407,848	$ 5,463,050	$ 1,788,537	$ 9,873,449	$ 282,812

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, 2018.

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.

NOTE 4 - FAIR VALUE MEASUREMENTS (continued)

The fair values of the U.S Treasury bonds were determined by discounting the related cash flows based on current yields of similar instruments with comparable durations.

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	$ 5,255,257	$ 2,849,302	$ 9,577,059
Change in Fair Value/Beneficial Interest	121,926	109,673	64,791	296,390
ENDING BALANCE	$ 1,594,426	$ 5,364,930	$ 2,914,093	$ 9,873,449

NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable at June 30, 2018 are expected to be collected as follows:

Within One Year	$ 2,144,852
In One to Five Years	2,400,168
TOTAL	4,545,020
Less: Allowance for Doubtful Pledges	(136,350)
Less: Present Value Discount	(250,518)
PLEDGES RECEIVABLE (NET)	$ 4,158,152

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 $5,364,930 at June 30, 2018, representing the portion of the net present value of the charitable remainder trusts for which JFSLA is the designated beneficiary.

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, 2018 was $2,914,093.

NOTE 8 - LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consist of the following as of June 30, 2018:

Land	$ 977,030
Construction in Process	2,866,376
Buildings and Improvements	6,797,171
Furniture, Vehicles and Equipment	1,545,146
Leasehold Improvements	538,338
TOTAL	12,724,061
Less: Accumulated Depreciation and Amortization	(7,731,380)
LAND, BUILDINGS AND EQUIPMENT (NET)	$ 4,992,681

Depreciation and amortization expense for the year ended June 30, 2018 was $149,858.

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, 2018	Estimated Remaining Cost-to-Complete
Freda Mohr Center	$ 2,793,454	$ 26,000,000
Gramercy Place - Remodel	72,922	Unknown
TOTAL	$ 2,866,376	$ 26,000,000

NOTE 9 - ACCRUED LIABILITIES

Accrued liabilities at June 30, 2018 consist of the following:

Accrued Vacation	$	679,553
Accrued Payroll		365,226
Other		40,479
TOTAL ACCRUED LIABILITIES	$	1,085,258

NOTE 10 - LINE OF CREDIT

JFSLA has a real estate line of credit with a financial institution due April 15, 2020 in the amount of $4,100,000. The line is secured by certain real estate of JFSLA and bears interest at 3% above one-month LIBOR. At June 30, 2018, the balance due on the line of credit was $2,650,000 and the interest rate was 5.09%. The one-month LIBOR rate was 2.09% at June 30, 2018.

This line of credit contains various covenants. At June 30, 2018, JFSLA was in compliance with all applicable covenants.

Subsequent to year-end, the line of credit was amended whereby the principal amount available on the line was increased to $5,800,000. In accordance with the amendment, JFSLA has the option to pay interest on the line at either 0.50% above the U.S. prime rate or at 2.25% above the one-month LIBOR rate.

NOTE 11 - LOAN PAYABLE

In November 2017, JFSLA entered into a loan agreement with Pacific Western Bank (the lender) and Colorado Educational and Cultural Facilities Authority (the authority). Under the terms of the agreement the lender agreed to loan up to $15,125,000 to the authority in return for tax-exempt Series R-1 bonds. The authority in turn agreed to lend the loan proceeds to JFSLA to finance the construction of a new facility. The agreement called for an initial loan disbursement of $50,001 upon closing.

Pursuant to the terms of the agreement, JFSLA was required to set aside an amount of $10,204,211 in a restricted cash account to be used for paying the project costs upon the lender's approval. No further loan proceeds will be disbursed until JFSLA has spent the restricted cash. Cash restricted by the loan agreement totaled $8,842,626 at June 30, 2018.

The loan proceeds accrue interest at a fixed 3.75% interest rate or at a variable one-month LIBOR rate at the option of JFSLA. Interest is payable monthly. The repayment of the loan proceeds will be in a series of principal and interest payments beginning in December 2020 through November 2045.

NOTE 11 - LOAN PAYABLE (continued)

This loan agreement contains various covenants. At June 30, 2018, JFSLA was in compliance with all applicable covenants.

As required by ASU 2015-03, *Interest - Imputation of Interest (Subtopic 835-30) - Simplifying the Presentation of Debt Issuance Costs,* debt issuance costs have been reported as a direct reduction of the carrying value of the loan payable as follows:

Loan Proceeds	$	50,001
Debt Issuance Costs		(280,950)
NET LOAN PAYABLE	$	(230,949)

The debt issuance costs will be amortized over the term of the loan agreement on a straight-line basis.

NOTE 12 - NOTE PAYABLE

Note payable at June 30, 2018 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, 2018.

NOTE 13 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2018 included the following:

Capital Campaign	$	17,645,343
Time Restricted (Charitable Remainder Trusts)		5,364,930
Holocaust		126,861
SOVA Programs		216,803
Central Access		147,584
Freda Mohr Multipurpose Center		179,505
Other Programs		162,442
TOTAL TEMPORARILY RESTRICTED NET ASSETS	$	23,843,468

NOTE 14 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets as of June 30, 2018 included the following:

Endowments	$ 6,170,723
Beneficial Interest in Perpetual Trusts	2,914,093
TOTAL PERMANENTLY RESTRICTED NET ASSETS	$ 9,084,816

NOTE 15 - 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, 2018 were $1,456,155. JFSLA's contributions during the Multiemployer Plan year ended December 31, 2017 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, 2017, 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, 2017, the Multiemployer Plan's funded percentage was 89.6%. 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.

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.

NOTE 15 - RETIREMENT BENEFITS (continued)

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, 2017 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 $367,667 to this defined contribution plan for the year ended June 30, 2018.

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 16 - COMMITMENTS AND CONTINGENCIES

(a) OPERATING LEASES

JFSLA leases facilities and equipment under operating leases with various terms expiring through June 2023. 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		
2019	$	932,766
2020		750,593
2021		556,482
2022		259,646
2023		174,257
TOTAL	$	2,673,744

Rent expense under operating leases for the year ended June 30, 2018 was $934,908.

(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.

NOTE 16 - COMMITMENTS AND CONTINGENCIES (continued)

(c) PROTECTIVE SERVICES PROGRAM

JFSLA acts as a court-appointed conservator of $65,020 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, 2018 approximately $2,963 in fees are due to JFSLA related to services provided under this program and are included in accounts and other receivables.

NOTE 17 - 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.

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, 2018.

NOTE 17 - ENDOWMENTS (continued)

Endowment Net Asset Composition by Type of Fund at June 30, 2018	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted	$ -	$ 329,282	$ 6,170,723	$ 6,500,005
Changes in Endowment Net Assets for the Year Ended June 30, 2018				
Endowment Net Assets - Beginning of Year	$ -	$ 84,853	$ 4,639,173	$ 4,724,026
Contributions	-	-	1,126,550	1,126,550
Collection of Endowment Pledge	-	-	405,000	405,000
Investment Income	-	244,429	-	244,429
ENDOWMENT NET ASSETS - END OF YEAR	$ -	$ 329,282	$ 6,170,723	$ 6,500,005

JEWISH FAMILY SERVICE
OF LOS ANGELES

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2018

JEWISH FAMILY SERVICE OF LOS ANGELES
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

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
U.S. Department of Health and Human Services				
Passed through City of Los Angeles Department of Aging:				
West Wilshire C1 (a)	1-Jul-17 to 30-Jun-18	C-130219	93.045	$ 259,726
West Wilshire C2 (a)	1-Jul-17 to 30-Jun-18	C-130219	93.045	80,329
NSIP-West Wilshire C1 (a)	1-Jul-17 to 30-Jun-18	C-130219	93.053	31,672
NSIP-West Wilshire C2 (a)	1-Jul-17 to 30-Jun-18	C-130219	93.053	31,799
City C1-Congregate (Westside) (a)	1-Jul-17 to 30-Jun-18	C-130220	93.045	239,373
City C2-Home Delivered (Westside) (a)	1-Jul-17 to 30-Jun-18	C-130220	93.045	49,550
City C1-NSIP (Westside) (a)	1-Jul-17 to 30-Jun-18	C-130220	93.053	29,181
City C2-NSIP (Westside) (a)	1-Jul-17 to 30-Jun-18	C-130220	93.053	29,655
OASIS (a)	1-Jul-17 to 30-Jun-18	C-130218	93.044	31,817
City IIIB-Westside (a)	1-Jul-17 to 30-Jun-18	C-130220	93.044	107,459
City IIIB-West Wilshire (a)	1-Jul-17 to 30-Jun-18	C-130219	93.044	114,374
Passed through County of Los Angeles:				
County Congregate Meals C1 (a)	1-Jul-17 to 30-Jun-18	ENP161702	93.045	59,550
County C1-NSIP (a)	1-Jul-17 to 30-Jun-18	ENP161702	93.053	8,243
County C2-Home Delivered Meals (a)	1-Jul-17 to 30-Jun-18	ENP161702	93.045	137,830
County C2-NSIP (a)	1-Jul-17 to 30-Jun-18	ENP161702	93.053	36,431
County Telephone Reassurance (a)	1-Jul-17 to 30-Jun-18	ENP161702	93.044	1,780
Supportive Services Program (a)	1-Jul-17 to 30-Jun-18	SSP-141812	93.044	66,014
TOTAL AGING CLUSTER				1,314,783
Passed through State of California Department of Aging:				
Multi-Purpose Senior Service Program, Medicaid Cluster	1-Jul-17 to 30-Jun-18	MS-1718-04	93.778	19,334
Passed through County of Los Angeles:				
Family Caregiver Support Program	1-Jul-17 to 30-Jun-18	FCSP131707	93.052	34,632
County of LA CalWORKs, TANF Cluster	1-Jul-17 to 30-Jun-18	DVSS16-019	93.558	182,000
County of LA SAPC	1-Jul-17 to 30-Jun-18	PH-002782	93.959	317,029
UCLA Dementia Care Project	1-Jul-17 to 30-Jun-18	1558 P VA563	93.610	10,573
County of LA DA - XC	1-Jul-16 to 31-Dec-19	XC16010190	16.575	141,183
Total U.S. Department of Health and Human Services				2,019,534

See Independent Auditor's Report

JEWISH FAMILY SERVICE OF LOS ANGELES

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2018

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
U.S. Department of Homeland Security				
EFSP for SOVA Community Food & Resource Center	1-Oct-16 to 31-Dec-17	Phase 34	97.024	35,297
Total U.S. Department of Homeland Security				35,297
U.S. Department of Housing and Urban Development:				
Passed through Los Angeles Homeless Services Authority:				
HUD CoC Family Violence Program (a)	1-Apr-18 to 31-Mar-19	CA0372L9D001710	14.267	78,932
HUD CoC Family Violence Program (a)	1-Apr-17 to 31-Mar-18	CA0372L9D001609	14.267	226,585
				305,517
Passed through City of Los Angeles				
Community Development Department:				
City of L.A. HCID D.V. Shelter, CDBG-Entitlements Grants Cluster	1-Jul-17 to 30-Jun-18	129888	14.218	90,683
Total U.S. Department of Housing and Urban Development				396,200
U.S. Department of Public Safety and Victim Services:				
Passed through State of California Office of Criminal Justice Planning:				
State of CA OES - Family Violence Project	1-Oct-17 to 30-Sep-18	DV17171773	16.575	243,805
State of CA OES - Haven House	1-Oct-17 to 30-Sep-18	DV17141773	16.575	236,270
State of CA OES - XH (Transitional)	1-Jul-16 to 31-Dec-19	XH16011773	16.575	62,572
Total U.S. Department of Public Safety and Victim Services				542,647
TOTAL FEDERAL AWARDS				$ 2,993,678

(a) Audited as a Major Program

See Independent Auditor's Report

JEWISH FAMILY SERVICE OF LOS ANGELES

NOTES TO CONSOLIDATED SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

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, 2018. 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	$ 90,683
14.267	HUD CoC (Family Violence Program)	305,517
16.575	State of California OES (Family Violence Project)	683,830
93.044	Special Programs for the Aging Title III Part B	321,444
93.045	Special Programs for the Aging Title III Part C	826,358
93.052	Family Caregiver Support Program Title III Part E	34,632
93.053	Nutritional Services Incentive Program	166,981
93.558	Emergency Shelter Program for Battered Women and Children	182,000
93.610	UCLA Dementia Care Project	10,573
93.778	Medical Assistance Program - MSSP	19,334
93.959	Block Grants for Prevention and Treatment of Substance Abuse	317,029
97.024	EFSP for SOVA Community Food & Resource Center	35,297
	TOTAL FEDERAL AWARDS	$ 2,993,678

JEWISH FAMILY SERVICE OF LOS ANGELES

CONSOLIDATED SCHEDULE OF AWARDS FROM THE CITY OF LOS ANGELES
Year Ended June 30, 2018

Funding	Program	Grant Number	Location	Department of Aging	USDA Entitlement (NSIP)	Community Development Department	Office of City of Los Angeles OVW	Non-Government Reimbursement (Non-Match)	Program Income	Matching (1)	Total (2)
Title III B	Supportive Services	C-130220	Westside	$ 111,414	$ -	$ -	$ -	$ -	$ 50	$ 148,260	$ 259,724
Title III B	Supportive Services	C-130219	West Wilshire	118,584	-	-	-	-	294	234,476	353,354
Title III B-OASIS	Supportive Services	C-130218	Citywide	31,817	-	-	-	-	214	15,004	47,035
Title III C1	Congregate Meals	C-130219	West Wilshire	287,403	31,672	-	-	-	31,061	293,880	644,016
Title III C2	Home Delivered Meals	C-130219	West Wilshire	206,768	31,799	-	-	-	11,894	240,204	490,665
Title III C1	Congregate Meals	C-130220	Westside	264,881	29,181	-	-	805	26,819	136,773	458,459
Title III C2	Home Delivered Meals	C-130220	Westside	127,542	29,655	-	-	487	11,374	90,970	260,028
City of LA-EBP West Wilshire	Health and Wellness	C-129257	West Wilshire	70,171	-	-	-	-		28,040	98,211
Proposition A	Cityride-Transportation	C-130219	West Wilshire	223,204	-	-	-	-	2,513	59,044	284,761
Proposition A	Cityride	C-130220	Westside	249,162	-	-	-	-	3,978	86,779	339,919
City of L.A. HCID D.V. Shelter 2017-18	D V Transitional Shelter	129888	North Hollywood	-	-	207,039	-	-	-	57,866	264,905
HUD CoC (FVP) 2016-17	Family Violence-Hope Cottage	124242	North Hollywood	-	-	-	5,936	-	-	-	5,936
TOTAL AWARDS FROM THE CITY OF LOS ANGELES				$ 1,690,946	$ 122,307	$ 207,039	$ 5,936	$ 1,292	$ 88,197	$ 1,391,296	$ 3,507,013

(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.