

**JEWISH FAMILY SERVICE  
OF LOS ANGELES**

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

**JEWISH FAMILY SERVICE OF LOS ANGELES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2014**

**CONTENTS**

	<b>Page</b>
Independent Auditor's Report .....	1
Consolidated Statement of Financial Position .....	3
Consolidated Statement of Activities .....	4
Consolidated Statement of Functional Expenses.....	5
Consolidated Statement of Cash Flows .....	6
Notes to Consolidated Financial Statements .....	7
Supplementary Information.....	21
Schedule of Expenditures of Federal Awards.....	22
Notes to Schedule of Expenditures of Federal Awards.....	25
Schedule of Awards from the City of Los Angeles.....	26

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

### **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 the 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, 2014, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

We have previously audited JFSLA's 2013 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 19, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, 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 Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying 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 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 December 11, 2014 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 & Jankis LLP*

December 11, 2014  
Los Angeles, California

# JEWISH FAMILY SERVICE OF LOS ANGELES

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2014

With Summarized Totals at June 30, 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 406,591	\$ 94,296
Investments	8,917,987	7,225,605
Accounts and Other Receivables (Net)	2,573,818	2,352,493
Pledges Receivable (Net)	3,845,308	5,673,632
Bequests Receivable	13,000	206,000
Beneficial Interest in Perpetual Trusts	3,049,582	2,751,920
Deposits and Other Assets	587,616	453,150
Land, Buildings and Equipment (Net)	6,362,730	6,654,171
<b>TOTAL ASSETS</b>	<b><u>\$ 25,756,632</u></b>	<b><u>\$ 25,411,267</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts Payable	\$ 1,959,584	\$ 1,799,736
Accrued Liabilities	1,491,924	1,811,056
Refundable Advances	318,917	511,071
Lines of Credit	3,000,000	3,665,000
Notes Payable	383,115	383,115
<b>TOTAL LIABILITIES</b>	<b>7,153,540</b>	<b>8,169,978</b>
<b>NET ASSETS:</b>		
Unrestricted	2,198,283	3,068,003
Temporarily Restricted	12,107,807	10,227,422
Permanently Restricted	4,297,002	3,945,864
<b>TOTAL NET ASSETS</b>	<b><u>18,603,092</u></b>	<b><u>17,241,289</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 25,756,632</u></b>	<b><u>\$ 25,411,267</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, 2014

With Summarized Totals for the Year Ended June 30, 2013

	2014			Total	2013 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>REVENUE AND SUPPORT:</b>					
Revenues:					
Government Fees	\$ 10,580,036	\$ -	\$ -	\$ 10,580,036	\$ 10,552,633
Client Fees, Program Income and Reimbursements	4,300,260	-	-	4,300,260	2,934,642
Support - Direct:					
Contributions	1,514,468	3,550,958	53,476	5,118,902	6,949,260
Capital Campaign Contributions	-	1,711,745	-	1,711,745	5,412,288
Loss on Uncollectible Pledges	-	-	-	-	(135,400)
Special Events (Net of Direct Expenses of \$146,910)	936,125	-	-	936,125	727,611
Grants	5,059,642	-	-	5,059,642	4,797,276
Gifts In-Kind	2,640,158	-	-	2,640,158	2,559,189
Change in Value of Beneficial Interest in Perpetual Trusts	-	-	297,662	297,662	11,089
Support - Indirect:					
Allocation from Jewish Federation Council	2,441,400	-	-	2,441,400	2,208,099
Grants Passed Through Jewish Federation Council	1,329,604	-	-	1,329,604	681,447
Allocation from United Way	-	-	-	-	50,000
Investment Income (Net)	681,671	-	-	681,671	453,758
Rental and Other Income	2,714	-	-	2,714	8,953
Net Assets Released from Purpose Restrictions	3,382,318	(3,382,318)	-	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>32,868,396</b>	<b>1,880,385</b>	<b>351,138</b>	<b>35,099,919</b>	<b>37,210,845</b>
<b>EXPENSES:</b>					
Program Services	27,708,017	-	-	27,708,017	26,480,031
Supporting Services	6,030,099	-	-	6,030,099	6,225,848
<b>TOTAL EXPENSES</b>	<b>33,738,116</b>	<b>-</b>	<b>-</b>	<b>33,738,116</b>	<b>32,705,879</b>
<b>CHANGE IN NET ASSETS</b>	<b>(869,720)</b>	<b>1,880,385</b>	<b>351,138</b>	<b>1,361,803</b>	<b>4,504,966</b>
Net Assets - Beginning of Year	3,068,003	10,227,422	3,945,864	17,241,289	12,736,323
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 2,198,283</b>	<b>\$ 12,107,807</b>	<b>\$ 4,297,002</b>	<b>\$ 18,603,092</b>	<b>\$ 17,241,289</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, 2014  
With Summarized Totals for the Year Ended June 30, 2013

	Program Services									Supporting Services			Total Expenses	
	Nutrition and Hunger	Senior/Older Adults	Children and Families	Counseling	Shelter Services	Disabilities and Special Needs	Immigration and Resettlement	Nonprofit Consulting Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	2014	2013
Salaries	\$ 1,606,164	\$ 7,520,273	\$ 118,580	\$ 893,785	\$ 1,425,386	\$ 62,603	\$ 172,837	\$ 64,474	\$ 11,864,102	\$ 2,409,361	\$ 753,519	\$ 3,162,880	\$ 15,026,982	\$ 14,209,538
Payroll Taxes and Employee Benefits	700,219	2,379,691	31,938	269,543	598,424	30,491	70,777	19,069	4,100,152	703,889	220,310	924,199	5,024,351	4,685,990
Employee Expenses	15,784	218,704	3,117	12,703	17,621	484	3,347	207	271,967	90,212	7,835	98,047	370,014	305,443
<b>TOTAL PERSONNEL COSTS</b>	<b>2,322,167</b>	<b>10,118,668</b>	<b>153,635</b>	<b>1,176,031</b>	<b>2,041,431</b>	<b>93,578</b>	<b>246,961</b>	<b>83,750</b>	<b>16,236,221</b>	<b>3,203,462</b>	<b>981,664</b>	<b>4,185,126</b>	<b>20,421,347</b>	<b>19,200,971</b>
Direct Client Services	1,109,873	3,550,595	169,476	289,329	56,424	-	174,035	-	5,349,732	46	-	46	5,349,778	5,062,015
Gifts In-Kind	2,545,058	95,100	-	-	-	-	-	-	2,640,158	-	-	-	2,640,158	2,559,189
Rent and Occupancy	596,277	326,673	1,859	80,098	177,994	5,555	23,523	4,453	1,216,432	198,276	55,894	254,170	1,470,602	1,649,929
Professional and Temporary Services	82,232	275,224	16,620	21,017	13,434	5,112	3,035	-	416,674	378,932	150,829	529,761	946,435	1,069,230
Depreciation and Amortization	123,693	34,375	541	93,730	190,855	237	-	-	443,431	33,786	-	33,786	477,217	481,142
Interest and Other Fees	1,434	28,764	501	4,100	16,440	867	5	-	52,111	223,029	31,886	254,915	307,026	274,659
Publicity and Advertising	13,551	18,329	1,015	730	3,190	168	102	-	37,085	178,512	72,642	251,154	288,239	270,135
Program Activities	54	233,997	12,667	865	359	15,000	-	-	262,942	11,747	10,723	22,470	285,412	285,227
Equipment and Building Purchases	8,836	100,444	497	2,083	6,367	-	-	-	118,227	123,496	-	123,496	241,723	257,099
Supplies and Materials	50,599	73,043	7,952	14,818	27,796	576	1,076	211	176,071	23,411	29,371	52,782	228,853	268,490
Property Taxes and Insurance	34,046	114,599	1,528	13,484	34,095	545	2,943	334	201,574	19,378	3,995	23,373	224,947	226,084
Telephone	45,644	85,182	767	20,083	31,077	2,532	1,983	371	187,639	19,494	2,894	22,388	210,027	242,911
Printing and Reproduction	10,939	28,084	2,187	5,774	4,279	643	1,150	-	53,056	23,223	75,516	98,739	151,795	198,921
Equipment, Repairs and Maintenance	26,281	36,210	170	14,451	11,129	507	217	77	89,042	16,995	4,623	21,618	110,660	129,507
Postage and Delivery	952	16,139	746	1,195	3,251	1,976	235	35	24,529	20,859	48,841	69,700	94,229	83,077
Security	69,293	9,516	37	8,624	3,520	110	4	12	91,116	927	97	1,024	92,140	93,530
Miscellaneous	2,204	41,170	619	25,000	-	-	-	-	68,993	463	6,879	7,342	76,335	76,000
Contract Disallowance	-	29,279	-	-	-	-	-	-	29,279	32,214	-	32,214	61,493	238,999
Dues and Subscriptions	165	11,711	-	-	1,827	-	-	2	13,705	45,290	705	45,995	59,700	38,764
<b>TOTAL 2014 FUNCTIONAL EXPENSES</b>	<b>\$ 7,043,298</b>	<b>\$ 15,227,102</b>	<b>\$ 370,817</b>	<b>\$ 1,771,412</b>	<b>\$ 2,623,468</b>	<b>\$ 127,406</b>	<b>\$ 455,269</b>	<b>\$ 89,245</b>	<b>\$ 27,708,017</b>	<b>\$ 4,553,540</b>	<b>\$ 1,476,559</b>	<b>\$ 6,030,099</b>	<b>\$ 33,738,116</b>	
<b>TOTAL 2013 FUNCTIONAL EXPENSES</b>	<b>\$ 6,996,111</b>	<b>\$ 13,875,283</b>	<b>\$ 299,750</b>	<b>\$ 1,785,477</b>	<b>\$ 2,877,224</b>	<b>\$ 158,936</b>	<b>\$ 412,997</b>	<b>\$ 74,253</b>	<b>\$ 26,480,031</b>	<b>\$ 4,745,282</b>	<b>\$ 1,480,566</b>	<b>\$ 6,225,848</b>		<b>\$ 32,705,879</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, 2014

With Summarized Totals for the Year Ended June 30, 2013

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 1,361,803	\$ 4,504,966
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	477,217	481,142
Contract Disallowance	61,493	238,999
Realized and Unrealized Gain on Investments	(374,737)	(278,270)
Forgiveness of Notes Payable	-	(20,000)
Donated Stocks	(129,793)	(18,700)
Proceeds of Sale of Donated Stocks	129,793	18,700
Permanently Restricted Contributions	(53,476)	(287,500)
Contributions Restricted for Capital Campaign	(219,212)	(3,133,000)
Partnership Interest Contribution Received	-	(1,400,000)
Change in Value of Beneficial Interest in Perpetual Trusts	(297,662)	(11,089)
Contribution of Beneficial Interest in Perpetual Trusts	-	(4,926)
(Increase) Decrease in:		
Accounts and Other Receivables	(282,818)	(916,589)
Pledges Receivable	(79,629)	241,082
Bequests Receivable	193,000	244,000
Deposits and Other Assets	(134,466)	(235,882)
Increase (Decrease) in:		
Accounts Payable	159,848	(208,007)
Accrued Liabilities	(319,132)	518,641
Refundable Advances	(192,154)	(146,564)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>300,075</b>	<b>(412,997)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Property and Equipment	(185,776)	(112,075)
Reinvested Interest and Dividend Income (Net)	(197,734)	(89,138)
Proceeds from Sale of Investments	-	1,312,964
Purchase of Investments	(1,119,911)	(5,094,797)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,503,421)</b>	<b>(3,983,046)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Permanently Restricted Contributions	53,476	287,500
Proceeds from Contributions Restricted for Capital Campaign	2,127,165	1,844,017
Proceeds from Lines of Credit (Net)	(665,000)	2,175,000
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>1,515,641</b>	<b>4,306,517</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>312,295</b>	<b>(89,526)</b>
Cash and Cash Equivalents - Beginning of Year	94,296	183,822
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 406,591</b>	<b>\$ 94,296</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash Paid During the Year for Interest	\$ 130,634	\$ 102,739

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, 2014**

### **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 more than 300, including licensed social workers, psychologists, public health experts, gerontologists, clinical nurse practitioners, chefs and drivers. They are joined by more than 1,200 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.

#### **(c) RECLASSIFICATION**

For comparability, certain June 30, 2013 amounts have been reclassified, where appropriate, to conform with the consolidated financial statement presentation used at June 30, 2014.

# JEWISH FAMILY SERVICE OF LOS ANGELES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014

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

#### (d) 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. JFSLA has \$12,107,807 of temporarily restricted net assets at June 30, 2014.
- **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 \$4,297,002 of permanently restricted net assets at June 30, 2014.

Restricted contributions received and spent in the same year are treated by JFSLA as unrestricted for reporting purposes.

#### (e) 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, 2014 approximates its fair value.

#### (f) 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. The fair value of the investment in partnership interest is determined based on third party valuations.

# JEWISH FAMILY SERVICE OF LOS ANGELES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014

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

#### (f) 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.

#### (g) 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. As of June 30, 2014, JFSLA has established an allowance for uncollectible accounts receivable in the amount of \$100,650.

#### (h) 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 11% of JFSLA's revenue and support is provided by JFC.

Approximately 30% of JFSLA's revenue and support is provided by various government agencies. Included in the accounts and other receivables balance outstanding at June 30, 2014 is \$1,468,607 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 70% of JFSLA's labor force is covered by a collective bargaining agreement, which covered the period of July 1, 2013 through June 30, 2016. The agreement provides a 2.5% and 1.5% wage increase in years one and two, respectively, of the contract and provides for the parties to begin wage negotiations in the final year of the contract.

# JEWISH FAMILY SERVICE OF LOS ANGELES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014

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

#### (i) 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.

#### (j) BEQUESTS RECEIVABLE

JFSLA records bequests when the wills have been declared valid by the probate court or upon notification by the trustee and when the amount is determinable.

#### (k) 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.

#### (l) 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.

#### (m) LONG-LIVED ASSETS AND ASSET RETIREMENT OBLIGATION

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, 2014.

# JEWISH FAMILY SERVICE OF LOS ANGELES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014

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

#### **(m) LONG-LIVED ASSETS AND ASSET RETIREMENT OBLIGATION (continued)**

JFSLA recognizes a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. Any uncertainty about the amount and/or timing of future settlement is factored into the measurement of the liability when sufficient information exists. JFSLA has completed an assessment of its conditional asset retirement obligations and an asset retirement obligation of \$39,636 is included in accrued liabilities at June 30, 2014.

#### **(n) REFUNDABLE ADVANCES**

Grant funds are recognized as revenue in accordance with the term of the grants 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 separate fund; therefore, continuing programs that accrue debts related to one contract period cannot be paid by cash advances related to another contract period.

#### **(o) 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 \$2,545,058 for the year ended June 30, 2014. The City of West Hollywood has contributed the use of various program facilities to JFSLA on a month-to-month basis. The fair market value of the donated use of these facilities for the year ended June 30, 2014 was \$95,100.

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.

#### **(p) PUBLICITY AND ADVERTISING**

Publicity and advertising costs are expensed as incurred. Total publicity and advertising expense was \$288,239 for the year ended June 30, 2014.

#### **(q) 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.

#### **(r) 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.

# JEWISH FAMILY SERVICE OF LOS ANGELES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014

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

#### (s) 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.

#### (t) 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, 2013 from which the summarized information was derived.

#### (u) SUBSEQUENT EVENTS

JFSLA has evaluated events and transactions occurring subsequent to the consolidated statement of financial position date of June 30, 2014 for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through December 11, 2014, the date these consolidated financial statements were available to be issued.

### NOTE 3 - INVESTMENTS

At June 30, 2014, investments consist of the following:

Money Market and Cash Equivalents	\$	79,624
Mutual Funds:		
Large Cap Funds		1,570,911
Bond Funds		4,310,291
Small Cap Funds		639,356
Mid Cap Funds		391,462
Index Funds		310,470
Partnership Interest		1,400,000
Jewish Community Foundation Common Investment Pool - Other Investments		215,873
		<hr/>
<b>TOTAL INVESTMENTS</b>	<b>\$</b>	<b>8,917,987</b>

Net investment income for the year ended June 30, 2014 consists of the following:

Interest and Dividend Income	\$	358,306
Net Realized and Unrealized Gain on Investments		374,737
Management Fees		(51,372)
		<hr/>
<b>INVESTMENT INCOME (NET)</b>	<b>\$</b>	<b>681,671</b>

# JEWISH FAMILY SERVICE OF LOS ANGELES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014

### 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, 2014 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2014	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market and Cash Equivalents	\$ 79,624	\$ 79,624	\$ -	\$ -
Mutual Funds:				
Large Cap Funds	1,570,911	1,570,911	-	-
Bond Funds	4,310,291	4,310,291	-	-
Small Cap Funds	639,356	639,356	-	-
Mid Cap Funds	391,462	391,462	-	-
Index Funds	310,470	310,470	-	-
<b>TOTAL MUTUAL FUNDS</b>	<b>7,222,490</b>	<b>7,222,490</b>	<b>-</b>	<b>-</b>
Partnership Interest	1,400,000	-	-	1,400,000
Jewish Community Foundation Common Investment Pool - Other Investments	215,873	-	-	215,873
<b>TOTAL INVESTMENTS</b>	<b>8,917,987</b>	<b>7,302,114</b>	<b>-</b>	<b>1,615,873</b>
Beneficial Interest in Perpetual Trusts	3,049,582	-	-	3,049,582
<b>TOTAL</b>	<b>\$ 11,967,569</b>	<b>\$ 7,302,114</b>	<b>\$ -</b>	<b>\$ 4,665,455</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, 2014.

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, 2014

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

The fair values of the common investment pool, partnership interest, and beneficial interest in perpetual trusts were determined as described in Notes 2(f) and 2(k), respectively.

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			Total
	Partnership Interest	Jewish Community Foundation Common Investment Pool	Beneficial Interest in Perpetual Trusts	
Beginning Balance	\$ 1,400,000	\$ 182,524	\$ 2,751,920	\$ 4,334,444
Change in Beneficial Interest	-	-	297,662	297,662
Investment Income	-	33,349	-	33,349
<b>ENDING BALANCE</b>	<b>\$ 1,400,000</b>	<b>\$ 215,873</b>	<b>\$ 3,049,582</b>	<b>\$ 4,665,455</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	\$ -	\$ 33,349	\$ 297,662	\$ 331,011

#### NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable at June 30, 2014 are expected to be collected as follows:

Within One Year	\$ 2,112,110
In One to Five Years	1,924,011
More than Five Years	9,210
<b>TOTAL</b>	<b>4,045,331</b>
Less: Allowance for Doubtful Pledges	(124,953)
Less: Present Value Discount	(75,070)
<b>PLEDGES RECEIVABLE (NET)</b>	<b>\$ 3,845,308</b>

#### NOTE 6 - BENEFICIAL INTEREST IN PERPETUAL TRUSTS

JFSLA is the 100% beneficiary of thirteen 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, 2014 was \$3,049,582. The investment income generated on the perpetual trusts during the year ended June 30, 2014 from these trusts was \$120,753.



# JEWISH FAMILY SERVICE OF LOS ANGELES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014

### NOTE 7 - LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consist of the following as of June 30, 2014:

Land	\$	1,625,953
Construction in Process		147,309
Buildings and Improvements		9,863,134
Furniture, Vehicles and Equipment		1,423,899
Leasehold Improvements		538,338
<b>TOTAL</b>		<u>13,598,633</u>
Less: Accumulated Depreciation and Amortization		<u>(7,235,903)</u>
<b>LAND, BUILDINGS AND EQUIPMENT (NET)</b>	\$	<u>6,362,730</u>

Depreciation and amortization expense for the year ended June 30, 2014 was \$477,217.

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 Service 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.

Construction in process consists of costs incurred for geological and architectural services related to the plan of building new headquarters.

### NOTE 8 - ACCRUED LIABILITIES

Accrued liabilities at June 30, 2014 consist of the following:

Accrued Payroll	\$	771,274
Accrued Vacation		656,005
Asset Retirement Obligation		39,636
Rent Incentive		25,009
<b>TOTAL ACCRUED LIABILITIES</b>	\$	<u>1,491,924</u>

## JEWISH FAMILY SERVICE OF LOS ANGELES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014

#### NOTE 9 - SELF-INSURANCE

JFSLA has elected to be self-insured for the purposes of California State Unemployment Insurance. The reserve for unemployment liability at June 30, 2014 included in accounts payable of \$122,695 represents estimated future claims arising from current and past employees. Unemployment expense for the year ended June 30, 2014 was \$160,939.

	Gross Claims Liability	Estimated Insurance Recoveries	Net Claims Liability
Balance at July 1, 2013	\$ 107,877	\$ -	\$ 107,877
Self-Insurance Expenses Incurred	160,939	-	160,939
Payments Made to Fund Related Liabilities	(146,121)	-	(146,121)
<b><i>BALANCE AT JUNE 30, 2014</i></b>	<b>\$ 122,695</b>	<b>\$ -</b>	<b>\$ 122,695</b>

#### NOTE 10 - LINES OF CREDIT

JFSLA has a revolving line of credit with a bank due April 15, 2016 in the amount of \$4,000,000. The line of credit bears interest at 2.75% above one-month LIBOR. The line is collateralized with a certain cash brokerage account. At June 30, 2014, the balance due on the line of credit was \$3,000,000 and the interest rate was 2.90%.

The revolving line of credit contains various covenants which include, among others, maximum losses measured on a rolling twelve month basis of \$750,000.

On July 5, 2012, JFSLA entered into a real estate line of credit with a bank for \$2,000,000. Under the agreement, JFSLA will pay this line in one payment of all outstanding principal plus all accrued unpaid interest on January 15, 2014. This line's maturity date was extended to April 15, 2016. The line is secured by certain real estate of JFSLA and bears interest at 3% above one-month LIBOR. At June 30, 2014, there was no balance due on this line of credit.

The one-month LIBOR rate was 0.15% at June 30, 2014.

**JEWISH FAMILY SERVICE OF LOS ANGELES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2014

**NOTE 11 - NOTES PAYABLE**

Notes payable at June 30, 2014 consist of the following:

Note Payable to a Foundation in the Original Principal Amount of \$272,000, Unsecured, with an Interest Rate of 7%, Requiring Interest-Only Monthly Payments of \$1,135 and All Principal Due on September 2019 \$ 208,115

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, Due July 2016 175,000

***TOTAL NOTES PAYABLE*** \$ 383,115

No interest on the LAHD note was recognized during the year ended June 30, 2014.

Future maturities of notes payable are as follows:

**Years Ending June 30**

2015	\$	-
2016		-
2017		175,000
2018		-
2019		-
Thereafter		<u>208,115</u>
<b><i>TOTAL</i></b>	<b><i>\$</i></b>	<b><i><u><u>383,115</u></u></i></b>

**NOTE 12 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets as of June 30, 2014 included the following:

Capital Campaign	\$	9,901,192
Holocaust		1,217,768
SOVA Programs		405,177
Central Access Database		228,312
Client Relief		93,783
Freda Mohr Multipurpose Center		89,600
PR Family Resource Center		42,546
Chaverim		35,846
Other Programs/Time Restrictions		<u>93,583</u>
<b><i>TOTAL TEMPORARILY RESTRICTED NET ASSETS</i></b>	<b><i>\$</i></b>	<b><i><u><u>12,107,807</u></u></i></b>

# JEWISH FAMILY SERVICE OF LOS ANGELES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014

### 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, 2016. JFSLA's employer contributions under this plan for the year ended June 30, 2014 were \$1,511,243. JFSLA's contributions during the Multiemployer Plan year ended December 31, 2013 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, 2013, was considered to be "endangered" (the Yellow Zone) because the Multiemployer Plan's funded percentage was less than 80%. For the year ended December 31, 2013, the Multiemployer Plan's funded percentage was 77.26%. As of January 1, 2014 the plan was no longer endangered (the Green Zone) with 80% funded. 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. As long as the Multiemployer Plan remains in endangered status, the Funding Improvement Plan will be reviewed annually to ensure that the required funding progress is occurring.

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, 2013 exceeded the minimum funding requirements of ERISA.

# JEWISH FAMILY SERVICE OF LOS ANGELES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014

### NOTE 13 - RETIREMENT BENEFITS (continued)

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 \$305,166 to this defined contribution plan for the year ended June 30, 2014.

Effective May 1, 2014, one employer ceased to participate to 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. 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	
2015	\$ 875,181
2016	403,046
2017	316,961
2018	315,449
2019	207,868
Thereafter	<u>412,976</u>
<b>TOTAL</b>	<b>\$ <u>2,531,481</u></b>

Rent expense under operating leases for the year ended June 30, 2014 was \$946,212.

#### (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 \$461,910 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, 2014, approximately \$71,864 in fees are due to JFSLA related to services provided under this program and are included in accounts and other receivables.

# JEWISH FAMILY SERVICE OF LOS ANGELES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014

### 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.

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, 2014.

#### Endowment Net Asset

##### Composition by Type of Fund at June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted	\$ -	\$ 39,571	\$ 1,247,420	\$ 1,286,991

##### Changes in Endowment Net Assets for the Year Ended June 30, 2014

Endowment Net Assets -				
Beginning of Year	\$ (27,664)	\$ -	\$ 1,193,944	\$ 1,166,280
Contributions	-	-	53,476	53,476
Investment Income	-	95,368	-	95,368
Apportionment of Endowment Assets for Expenditure	27,664	(55,797)	-	(28,133)

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

	\$ -	\$ 39,571	\$ 1,247,420	\$ 1,286,991
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**JEWISH FAMILY SERVICE  
OF LOS ANGELES**

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2014

**JEWISH FAMILY SERVICE OF LOS ANGELES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2014

Federal Grantor/Passed Through Grantor/Program 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 State of California Department of Aging:				
Multi-Purpose Senior Service Program	1-Jul-13 to 30-Jun-14	MS-1314-04	93.778	1,259,790
Passed through City of Los Angeles Department of Aging:				
West Wilshire C1	1-Jul-13 to 30-Jun-14	C-119669	93.045	255,579
West Wilshire C2	1-Jul-13 to 30-Jun-14	C-119669	93.045	220,837
NSIP - West Wilshire C1	1-Jul-13 to 30-Jun-14	C-119669	93.053	29,783
NSIP - West Wilshire C2	1-Jul-13 to 30-Jun-14	C-119669	93.053	27,712
Westside C1	1-Jul-13 to 30-Jun-14	C-119668	93.045	213,441
Westside C2	1-Jul-13 to 30-Jun-14	C-119668	93.045	124,162
NSIP - Westside C1	1-Jul-13 to 30-Jun-14	C-119668	93.053	27,734
NSIP - Westside C2	1-Jul-13 to 30-Jun-14	C-119668	93.053	25,806
OASIS	1-Jul-13 to 30-Jun-14	119667	93.044	31,817
Westside IIIB	1-Jul-13 to 30-Jun-14	119668	93.044	112,815
West Wilshire IIIB	1-Jul-13 to 30-Jun-14	119669	93.044	119,087
Passed through County of Los Angeles:				
County Congregate Meals C1	1-Jul-13 to 30-Jun-14	AAA-ENP-1216-011	93.045	63,031
County C1-NSIP	1-Jul-13 to 30-Jun-14	AAA-ENP-1216-011	93.053	5,989
County C2-Home Delivered Meals	1-Jul-13 to 30-Jun-14	AAA-ENP-1216-011	93.045	122,967
County C2-NSIP	1-Jul-13 to 30-Jun-14	AAA-ENP-1216-011	93.053	17,367
County Telephone Reassurance	1-Jul-13 to 30-Jun-14	AAA-ENP-1216-011	93.044	1,000
County AB764 Linkages	1-Jul-13 to 30-Jun-14	LNK-1116-03	93.044	170,000
County of Los Angeles Supportive Services Program	1-Jul-13 to 30-Jun-14	SSP-1014-13	93.044	68,233
Family Caregiver Support - FCSP IIIE	1-Jul-13 to 30-Jun-14	FCSP-0913-007	93.052	26,957
				<u>1,664,317</u>
CalWorks Family Violence Program (FVP)	1-Jul-13 to 30-Jun-14	SSC-000024	93.558	171,194
Substance Abuse Prevention and Control	1-Jul-13 to 30-Jun-14	PH002018A	93.959	200,000
County of LA Children's Services (FVP)	1-Jul-13 to 30-Jun-14	02-025-33	93.556	54,090
UCLA Dementia Care Project	1-Nov-13 to 30-Sep-14	1558 P QA736	93.610	<u>30,425</u>
<b>Total U.S. Department of Health and Human Services</b>				<u><u>3,379,816</u></u>

The Accompanying Notes are an Integral Part of This Schedule



**JEWISH FAMILY SERVICE OF LOS ANGELES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2014

Federal Grantor/Passed Through Grantor/Program Title	Grant Period	Contract and/or Passed through Grantor's Number	Federal CFDA Number	Disbursements or Expenditures
<b>Corporation for National &amp; Community Services:</b>				
Legacy Corps (AmeriCorps)	1-Sep-12 to 31-Aug-13	Z905211	94.006	6,731
Legacy Corps (AmeriCorps)	1-Sep-13 to 31-Aug-14	Z905211	94.006	<u>19,981</u>
<b>Total Corporation for National &amp; Community Services</b>				<u>26,712</u>
<b>Department of Transportation:</b>				
Passed through County of Los Angeles:				
County of LA - MTA - New Freedom	1-Mar-10 to 28-Feb-14	CA-57-X100	20.521	<u>33,955</u>
<b>Total Department of Transportation</b>				<u>33,955</u>
<b>U.S. Department of Housing and Urban Development:</b>				
Passed through Los Angeles Homeless Services Authority:				
HUD (Family Violence) 13/14	1-Apr-13 to 31-Mar-14	CA0372L9D001205	14.235	223,359
HUD (Family Violence) 14/15	1-Apr-14 to 31-Mar-15	CA0372L9D001306	14.235	<u>58,862</u>
				282,221
Passed through City of Los Angeles Housing and Community Investment Department:				
Domestic Violence Shelter- CDD 13/14	1-Apr-13 to 31-Mar-14	122405	14.218	111,532
Domestic Violence Shelter- CDD 14/15	1-Apr-14 to 31-Mar-15	124069	14.218	35,179
City of LA - EBP Westside				
City of LA - EBP West Wilshire	1-Apr-13 to 31-Mar-14	C-121231	14.218	51,965
City of LA - EBP West Wilshire	1-Apr-13 to 31-Mar-14	C-121231	14.218	59,396
Passed through Los Angeles Homeless Services Authority:				
LAHSA CDBG-Hope Cottage 2013-14	1-Apr-13 to 31-Mar-14	2013CDBG15	14.218	61,566
LAHSA CDBG-Hope Cottage 2014-15	1-Apr-13 to 30-Jun-14	2013CDBG15	14.218	17,608
Passed through City of Beverly Hills:				
Beverly Hills Sr. Case Management	1-Jul-13 to 30-Jun-14	391-13	14.218	<u>26,081</u>
<b>Total U.S. Department of Housing and Urban Development</b>				<u>645,548</u>

The Accompanying Notes are an Integral Part of This Schedule

**JEWISH FAMILY SERVICE OF LOS ANGELES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2014

Federal Grantor/Passed Through Grantor/Program Title	Grant Period	Contract and/or Passed through Grantor's Number	Federal CFDA Number	Disbursements or Expenditures
<b>Department of Homeland Security:</b>				
EFSP (SOVA)	1-Nov-13 to 28-Feb-14	Phase 31	97.024	48,000
EFSP (Family Violence)	1-Nov-12 to 30-Jun-14	Phase 31	97.024	<u>98,000</u>
<b>Total Department of Homeland Security</b>				<u>146,000</u>
<b>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	1-Jul-13 to 30-Jun-14	DV13131773	16.575	384,819
State of CA OES - Haven House	1-Jul-13 to 30-Jun-14	DV13101773	16.575	<u>403,665</u>
<b>Total Department of Public Safety and Victim Services</b>				<u>788,484</u>
<b>Department of Justice:</b>				
Passed through City of Los Angeles:				
DART	1-Oct-12 to 30-Sep-14	121875	16.590	54,240
OVW	1-Oct-13 to 30-Sep-16	124242	16.528	<u>2,606</u>
<b>Total Department of Justice</b>				<u>56,846</u>
<b>Total Federal Awards</b>				<u>\$ 5,077,361</u>

The Accompanying Notes are an Integral Part of This Schedule

**JEWISH FAMILY SERVICE OF LOS ANGELES**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2014**

1. Basis of Accounting - The Schedule of Expenditures of Federal Awards has been reported on the accrual basis of accounting.
2. JFSLA is exempt from income taxation under Internal Revenue Code Section 501(c)(3) and California Revenue Taxation Code Section 23701d.
3. 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	\$ 363,327
14.235	Supportive Housing Program	282,221
16.528	OVW	2,606
16.575	Crime Victim Assistance	788,484
16.590	DART	54,240
20.521	Transportation	33,955
93.044	Special Programs for the Aging Title III Part B	502,952
93.045	Special Programs for the Aging Title III Part C	1,000,017
93.052	Family Caregiver Support Program Title III Part E	26,957
93.053	Nutritional Services Incentive Program	134,391
93.556	Promoting Safe and Stable Families	54,090
93.558	Emergency Shelter Program for Battered Women and Children	171,194
93.610	UCLA Dementia Care Project	30,425
93.778	Medical Assistance Program - MSSP	1,259,790
93.959	Block Grants for Prevention and Treatment of Substance Abuse	200,000
94.006	AmeriCorps	26,712
97.024	Emergency Food and Shelter National Board Program	146,000
	<b>TOTAL FEDERAL AWARDS</b>	<b>\$ 5,077,361</b>

See Independent Auditor's Report

**JEWISH FAMILY SERVICE OF LOS ANGELES**

**SCHEDULE OF AWARDS FROM THE CITY OF LOS ANGELES  
Year Ended June 30, 2014**

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 Services	119668	Westside	\$ 112,815	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,269	\$ 129,084
Title III B	Supportive Services	119669	West Wilshire	119,087	-	-	-	-	-	-	13,821	132,908
Title IIIB-OASIS	Supportive Services	119667	Citywide	31,817	-	-	-	-	-	-	2,473	34,290
Title III C1	Congregate Meals	C-119669	West Wilshire	255,579	29,783	-	-	-	135,835	48,565	25,744	495,506
Title III C2	Home Delivered Meals	C-119669	West Wilshire	220,837	27,712	-	-	-	92,039	19,204	25,011	384,803
Title III C1	Congregate Meals	C-119668	Westside	213,441	27,734	-	-	-	-	41,389	598	283,162
Title III C2	Home Delivered Meals	C-119668	Westside	124,162	25,806	-	-	-	-	11,373	22,301	183,642
Evidence Based Program 2013-2014	Health and Wellness	C-121231	West Wilshire	-	-	59,396	-	-	-	-	7,575	66,971
Evidence Based Program 2013-2014	Health and Wellness	C-121231	Westside	-	-	51,965	-	-	-	-	6,887	58,852
Proposition A	Cityride-Transportation	119669	West Wilshire	279,189	-	-	-	-	-	2,651	45,012	326,852
Proposition A	Cityride	119668	Westside	273,659	-	-	-	-	-	4,735	50,105	328,499
Domestic Violence Shelter- CDD 14/15	Transitional Shelter	124069	North Hollywood	-	-	35,179	-	-	3,760	-	-	38,939
Domestic Violence Shelter- CDD 13/14	Transitional Shelter	122405	North Hollywood	-	-	111,532	-	-	8,438	-	-	119,970
LAHSA CDBG-Hope Cottage 2013-14	Homeless Shelter	2013CDBG15	Gramercy Pl	-	-	-	61,566	-	16,075	-	7,208	84,849
LAHSA CDBG-Hope Cottage 2014-15	Homeless Shelter	2013CDBG15	Gramercy Pl	-	-	-	17,608	-	4,831	-	-	22,439
DART	Supportive Services	121875	North Hollywood	-	-	-	-	54,240	23,779	-	-	78,019
OVW	Supportive Services	124242	Sherman Oaks	-	-	-	-	2,606	-	-	-	2,606
<b>TOTAL AWARDS FROM THE CITY OF LOS ANGELES</b>				<b>\$ 1,630,586</b>	<b>\$ 111,035</b>	<b>\$ 258,072</b>	<b>\$ 79,174</b>	<b>\$ 56,846</b>	<b>\$ 284,757</b>	<b>\$ 127,917</b>	<b>\$ 223,004</b>	<b>\$ 2,771,391</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 Schedule of Awards from the City of Los Angeles has been reported on the accrual basis of accounting.