

**JEWISH FAMILY SERVICES  
OF DELAWARE, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2015 AND 2014**

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**TABLE OF CONTENTS**  
**DECEMBER 31, 2015 AND 2014**

	<u>Page No.</u>
<b>Independent Auditors' Report</b>	1
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8



BELFINT • LYONS • SHUMAN  
Certified Public Accountants

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*Independent Auditors' Report*

To the Board of Directors of  
Jewish Family Services of Delaware, Inc.

We have audited the accompanying financial statements of Jewish Family Services of Delaware, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

To the Board of Directors of  
Jewish Family Services of Delaware, Inc.

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 financial statements referred to above present fairly, in all material respects, the financial position of Jewish Family Services of Delaware, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Belfint, Lyons & Shuman, P.A.*

April 26, 2016

Wilmington, Delaware

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2015 AND 2014**

**ASSETS**

	<b>2015</b>	<b>2014*</b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,139,463	\$ 779,050
Patient Accounts Receivable - Net	165,912	191,622
Grants Receivable	101,692	82,586
Prepaid Expenses	67,738	56,446
<b>TOTAL CURRENT ASSETS</b>	<b>1,474,805</b>	<b>1,109,704</b>
<b>PROPERTY AND EQUIPMENT</b>		
Furniture, Fixtures, and Equipment	450,781	547,298
Less: Accumulated Depreciation	(289,443)	(410,419)
<b>NET PROPERTY AND EQUIPMENT</b>	<b>161,338</b>	<b>136,879</b>
<b>OTHER ASSETS</b>		
Security Deposits	4,250	2,000
Restricted Cash for Endowment Funds	62,825	62,825
Investments	306,932	315,843
Beneficial Interest in Funds Held at Delaware Community Foundation	179,461	184,328
<b>TOTAL OTHER ASSETS</b>	<b>553,468</b>	<b>564,996</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,189,611</b>	<b>\$ 1,811,579</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 66,323	\$ 51,659
Accrued Pension Expense	66,422	48,537
Current Maturities of Capital Lease Payable	8,977	6,001
<b>TOTAL CURRENT LIABILITIES</b>	<b>141,722</b>	<b>106,197</b>
<b>OTHER LIABILITIES</b>		
Capital Lease Payable (Net of Current Maturities)	29,333	28,448
<b>TOTAL LIABILITIES</b>	<b>171,055</b>	<b>134,645</b>
<b>NET ASSETS</b>		
Unrestricted - Undesignated	579,079	479,776
Unrestricted - Board-Designated	403,455	409,943
Total Unrestricted	982,534	889,719
Temporarily Restricted	924,824	676,017
Permanently Restricted	111,198	111,198
<b>TOTAL NET ASSETS</b>	<b>2,018,556</b>	<b>1,676,934</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,189,611</b>	<b>\$ 1,811,579</b>

\*Restated, see Note 16

The accompanying notes are an integral part of these financial statements.

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<b>2015</b>			
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>				
Public Support				
Contributions	\$ 29,959	\$ 125,658	\$ -	\$ 155,617
United Way of Delaware	58,690	-	-	58,690
Jewish Federation of Delaware Allocations	51,458	-	-	51,458
Fees and Grants from Government Agencies	1,795,783	-	-	1,795,783
Administration of Emergency Food and Shelter Program	3,327	-	-	3,327
Other Grants	17,432	428,300	-	445,732
Total Public Support	<u>1,956,649</u>	<u>553,958</u>	<u>-</u>	<u>2,510,607</u>
Other Revenue				
Program Fees - Net				
Counseling Fees and Contract Revenue	317,346	-	-	317,346
Care Management	106,602	-	-	106,602
Youth Development	7,236	-	-	7,236
Communal Services	1,575	-	-	1,575
Total Other Revenue	<u>432,759</u>	<u>-</u>	<u>-</u>	<u>432,759</u>
Investment Income	8,537	4,477	-	13,014
Gains (Losses) on Investments	(13,134)	(7,348)	-	(20,482)
Special Events - Net of Expenses	5,733	-	-	5,733
Other Income	21,546	-	-	21,546
Net Assets Released from Restrictions	302,280	(302,280)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>2,714,370</u>	<u>248,807</u>	<u>-</u>	<u>2,963,177</u>
<b>OPERATING EXPENSE</b>				
Program Services				
Counseling	1,382,614	-	-	1,382,614
Care Management	393,048	-	-	393,048
Youth Development	391,890	-	-	391,890
Total Program Services	<u>2,167,552</u>	<u>-</u>	<u>-</u>	<u>2,167,552</u>
Supporting Services				
Management and General	454,003	-	-	454,003
<b>TOTAL OPERATING EXPENSES</b>	<u>2,621,555</u>	<u>-</u>	<u>-</u>	<u>2,621,555</u>
<b>CHANGE IN NET ASSETS</b>	92,815	248,807	-	341,622
<b>NET ASSETS - Beginning of Year</b>	<u>889,719</u>	<u>676,017</u>	<u>111,198</u>	<u>1,676,934</u>
<b>NET ASSETS - End of Year</b>	<u>\$ 982,534</u>	<u>\$ 924,824</u>	<u>\$ 111,198</u>	<u>\$ 2,018,556</u>

\*Restated, see Note 16

**2014\***

<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
\$ 28,237	\$ 42,266	\$ 11,932	\$ 82,435
64,818	-	-	64,818
47,500	-	-	47,500
1,425,705	-	-	1,425,705
2,712	-	-	2,712
2,700	263,900	-	266,600
<u>1,571,672</u>	<u>306,166</u>	<u>11,932</u>	<u>1,889,770</u>
309,732	-	-	309,732
91,145	-	-	91,145
22,322	-	-	22,322
2,250	-	-	2,250
<u>425,449</u>	<u>-</u>	<u>-</u>	<u>425,449</u>
4,596	5,426	-	10,022
80	3,574	-	3,654
-	-	-	-
5,603	-	-	5,603
<u>343,775</u>	<u>(343,775)</u>	<u>-</u>	<u>-</u>
<u>2,351,175</u>	<u>(28,609)</u>	<u>11,932</u>	<u>2,334,498</u>
1,149,535	-	-	1,149,535
375,298	-	-	375,298
<u>299,733</u>	<u>-</u>	<u>-</u>	<u>299,733</u>
1,824,566	-	-	1,824,566
<u>378,731</u>	<u>-</u>	<u>-</u>	<u>378,731</u>
<u>2,203,297</u>	<u>-</u>	<u>-</u>	<u>2,203,297</u>
147,878	(28,609)	11,932	131,201
<u>741,841</u>	<u>704,626</u>	<u>99,266</u>	<u>1,545,733</u>
<u>\$ 889,719</u>	<u>\$ 676,017</u>	<u>\$ 111,198</u>	<u>\$ 1,676,934</u>

The accompanying notes are an integral part of these financial statements.

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Program Services</u>			<u>Supporting Services</u>		
	<u>Counseling</u>	<u>Care Management</u>	<u>Youth</u>	<u>Total</u>	<u>Management and General</u>	<u>Total</u>
				<u>Program Services</u>		
<b>SALARIES AND RELATED EXPENSES</b>						
Salaries	\$ 888,394	\$ 207,361	\$ 163,616	\$ 1,259,371	\$ 292,388	\$ 1,551,759
Employee Retirement Benefits	22,500	18,000	6,000	46,500	19,922	66,422
Employee Benefits	68,202	23,856	18,672	110,730	29,988	140,718
Payroll Taxes	61,660	15,863	12,493	90,016	22,290	112,306
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<u>1,040,756</u>	<u>265,080</u>	<u>200,781</u>	<u>1,506,617</u>	<u>364,588</u>	<u>1,871,205</u>
<b>OTHER EXPENSES</b>						
Advertising	5,257	1,475	391	7,123	2,412	9,535
Bad Debt Expense	12,730	-	-	12,730	-	12,730
Bank Fees	18,814	9,923	3,213	31,950	6,686	38,636
Conferences and Staff Training	2,728	1,728	3,028	7,484	3,926	11,410
Contract Services	150,748	46,100	132,953	329,801	28,165	357,966
Dues and Subscriptions	3,364	2,383	1,725	7,472	2,099	9,571
Equipment Rental and Maintenance	827	497	181	1,505	86	1,591
Insurance	13,205	4,833	3,354	21,392	5,851	27,243
Interest	-	-	-	-	5,045	5,045
Janitorial and Maintenance	5,754	1,016	-	6,770	-	6,770
Mileage and Expense Allowances	18,903	3,870	3,836	26,609	4,636	31,245
Miscellaneous Expense	9,389	1,439	1,220	12,048	6,048	18,096
Office Supplies	4,021	2,339	1,933	8,293	2,194	10,487
Outside Printing and Publications	4,386	2,773	2,210	9,369	943	10,312
Postage	3,287	1,312	4,401	9,000	855	9,855
Rent and Occupancy	59,664	19,641	16,788	96,093	16,908	113,001
Special Assistance	-	13,259	1,853	15,112	-	15,112
Telephone	13,431	5,488	5,336	24,255	1,596	25,851
<b>TOTAL OTHER EXPENSES</b>	<u>326,508</u>	<u>118,076</u>	<u>182,422</u>	<u>627,006</u>	<u>87,450</u>	<u>714,456</u>
Depreciation of Property and Equipment	15,350	9,892	8,687	33,929	1,965	35,894
<b>TOTAL EXPENSES</b>	<u>\$ 1,382,614</u>	<u>\$ 393,048</u>	<u>\$ 391,890</u>	<u>\$ 2,167,552</u>	<u>\$ 454,003</u>	<u>\$ 2,621,555</u>

The accompanying notes are an integral part of these financial statements.



**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2014**

	<u>Program Services</u>			<u>Total Program Services</u>	<u>Supporting Services</u>	<u>Total*</u>
	<u>Counseling</u>	<u>Care Management</u>	<u>Youth</u>		<u>Management and General</u>	
<b>SALARIES AND RELATED EXPENSES</b>						
Salaries	\$ 719,652	\$ 221,329	\$ 173,921	\$ 1,114,902	\$ 258,750	\$ 1,373,652
Employee Retirement Benefits	22,951	9,048	8,078	40,077	8,460	48,537
Employee Benefits	59,789	25,119	23,095	108,003	21,482	129,485
Payroll Taxes	48,145	26,212	10,511	84,868	19,796	104,664
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<u>850,537</u>	<u>281,708</u>	<u>215,605</u>	<u>1,347,850</u>	<u>308,488</u>	<u>1,656,338</u>
<b>OTHER EXPENSES</b>						
Advertising	6,320	2,595	2,370	11,285	-	11,285
Bank Fees	15,722	6,287	6,468	28,477	5,965	34,442
Conferences and Staff Training	10,075	4,084	3,631	17,790	3,772	21,562
Contract Services	132,935	26,671	29,766	189,372	24,529	213,901
Dues and Subscriptions	3,650	2,523	1,475	7,648	1,566	9,214
Equipment Rental and Maintenance	3,367	1,383	1,262	6,012	-	6,012
Insurance	8,435	3,451	3,135	15,021	3,077	18,098
Interest	-	-	-	-	3,858	3,858
Janitorial and Maintenance	5,454	1,096	-	6,550	-	6,550
Mileage and Expense Allowances	15,150	6,222	5,681	27,053	4,201	31,254
Miscellaneous Expense	7,807	2,817	3,206	13,830	2,075	15,905
Office Supplies	3,275	1,196	2,046	6,517	1,245	7,762
Outside Printing and Publications	3,820	1,384	1,254	6,458	-	6,458
Postage	1,975	741	474	3,190	653	3,843
Rent and Occupancy	57,099	18,114	14,598	89,811	16,675	106,486
Special Assistance	-	5,393	-	5,393	-	5,393
Telephone	10,058	4,131	3,772	17,961	1,378	19,339
<b>TOTAL OTHER EXPENSES</b>	<u>285,142</u>	<u>88,088</u>	<u>79,138</u>	<u>452,368</u>	<u>68,994</u>	<u>521,362</u>
Depreciation of Property and Equipment	13,856	5,502	4,990	24,348	1,249	25,597
<b>TOTAL EXPENSES</b>	<u>\$ 1,149,535</u>	<u>\$ 375,298</u>	<u>\$ 299,733</u>	<u>\$ 1,824,566</u>	<u>\$ 378,731</u>	<u>\$ 2,203,297</u>

\*Restated, see Note 16

The accompanying notes are an integral part of these financial statements.

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014*</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 341,622	\$ 131,201
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	35,894	25,597
Unrealized Loss on Investments	23,642	4,501
Realized Gains - Investments and Beneficial Interest in Funds at DCF	(3,160)	(8,155)
Long-Term Endowment Contribution Received in Restricted Cash	-	(11,932)
Change in Assets		
Patient Accounts Receivable	25,710	(96,552)
Grants Receivable	(19,106)	(8,431)
Prepaid Expenses	(11,292)	(996)
Other Assets	(2,250)	-
Change in Liabilities		
Accounts Payable and Accrued Expenses	10,918	(40,892)
Accrued Pension Expense	17,885	166
	<u>419,863</u>	<u>(5,493)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(46,745)	(55,133)
Redemption of Certificates of Deposit	-	272,180
Purchase of Investments	(6,704)	(153,976)
	<u>(53,449)</u>	<u>63,071</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Capital Lease Obligations	(6,001)	(3,506)
	<u>360,413</u>	<u>54,072</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	<u>779,050</u>	<u>724,978</u>
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>		
	<u>\$ 1,139,463</u>	<u>\$ 779,050</u>
<b>SUPPLEMENTAL CASH FLOW DISCLOSURES</b>		
Interest Paid	<u>\$ 5,045</u>	<u>\$ 3,858</u>
Noncash Investing and Financing Activities		
Acquisition of Property and Equipment with Accounts Payable	<u>\$ 3,746</u>	<u>\$ -</u>
Acquisition of Property and Equipment with Capital Lease	<u>\$ 9,862</u>	<u>\$ 37,955</u>

\*Restated, see Note 16

The accompanying notes are an integral part of these financial statements.

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

*Nature of Activities* - The purpose of Jewish Family Services of Delaware, Inc. (Organization), a nonprofit organization located in Wilmington, Delaware, is to strengthen individuals, families, and the community by providing counseling and support services, based on Jewish values.

*Basis of Accounting* - The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenue and gains are recognized when earned, and expenses and losses are recognized when incurred.

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

*Contributions* - In accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, *Not-for-Profit Entities*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time or purpose restriction.

*Financial Statement Presentation* - In accordance with FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

*Property and Equipment* - Property and equipment are stated at cost when purchased by the Organization. The Organization's capitalization threshold is \$1,000. Acquisitions below this amount are expensed. The costs of capitalized assets are depreciated over the estimated useful lives of the assets on a straight-line basis. Useful lives range from 3 to 20 years. Depreciation expense amounted to \$35,894 and \$25,597 for the years ended December 31, 2015 and 2014, respectively.

*Donated Services* - Donated services are recognized as contributions in accordance with FASB ASC 958 if they (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. A substantial number of volunteers have donated significant amounts of time to the Organization's programs. The Organization has not recognized contribution revenue from donated services during the years ended December 31, 2015 and 2014 since the criteria for FASB ASC 958 were not met.

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2015**

**NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*Donations of Property and Equipment* - Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

*Cash and Cash Equivalents* - For purposes of the statements of cash flows, all cash and cash equivalents and highly liquid investments with maturities of three months or less at the time of acquisition are considered to be unrestricted.

During the year ended December 31, 2015, payments received from the State of Delaware's Grant-In-Aid program were required to be held in a separate bank account.

*Allocated Expenses* - Expenses by function have been allocated among program and supporting services classifications on the basis of estimates made by the Organization's management.

*Net Assets* - Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the net asset classifications follow:

*Unrestricted - Undesignated* - These net assets are available for the general obligations of the Organization.

*Unrestricted - Board-Designated* - These net assets are designated by the Organization's board of directors to be used for specific purposes, including emergency operational expenses, future growth and expansion, and Jewish volunteer network.

*Temporarily Restricted* - These net assets are restricted by donors to be used for specific purposes. When a donor restriction expires, that is, when a stipulated time restriction and/or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

*Permanently Restricted* - These net assets include resources which have a permanent donor-imposed restriction that the assets are to be maintained for the long-term continuance of the Organization.

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2015**

**NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Investments** - Under FASB ASC 958, investments are reported at their fair value in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time or purpose restriction. Contributed securities are recorded at their fair value at date of receipt.

**United Way Allocations** - The Organization receives an allocation from the United Way of Delaware Community Impact Fund. The funds received are utilized for the programs and services specified in the Organization's application.

**Advertising** - The Organization expenses the cost of advertising when incurred. Advertising expense totaled \$9,535 and \$11,285 for the years ended December 31, 2015 and 2014, respectively.

**Patient Accounts Receivable** - Patient accounts receivable consist primarily of amounts due from patients and insurance companies. Accounts receivable are stated at unpaid balances, less an allowance for contract adjustments and doubtful accounts on the program services. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of patients to meet their obligations. Allowance for contract adjustments and bad debts was \$22,381 and \$9,651 as of December 31, 2015 and 2014, respectively. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Bad debt expense for the years ended December 31, 2015 and 2014 totaled \$12,730 and \$0, respectively.

**Net Program Fees Revenue** - The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. Net program fees revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. During the years ended December 31, 2015 and 2014, program fees revenue was net of contract adjustments totaling \$196,694 and \$142,035, respectively.

**Subsequent Events** - The Organization's policy is to evaluate events and transactions subsequent to its year end for potential recognition in the financial statements or disclosure in the notes to the financial statements. Management has evaluated events and transactions through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

**Income Taxes** - Jewish Family Services of Delaware, Inc. is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC); therefore, no provision for income taxes has been made in the accompanying financial statements. The Organization has also been classified as an entity that is

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2015**

**NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*Income Taxes - continued* - not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

Income not related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income. Accounting principles generally accepted in the United States of America impose a threshold for determining when an income tax benefit can be recognized in regard to uncertain tax positions. The Organization has determined that no liability for uncertain tax positions is required to be accrued and included in the statements of financial position as of December 31, 2015 and 2014.

The federal informational returns of the Organization for the years ended December 31, 2012, 2013, and 2014 are subject to examination by the tax authorities, generally for three years after they were filed.

**NOTE 2: NET ASSETS**

Unrestricted board-designated net assets consisted of the following as of December 31:

	<u>2015</u>	<u>2014</u>
Emergency Operational Expenses	\$ 180,000	\$ 180,000
Future Growth and Expansion	215,099	221,343
Jewish Volunteer Network	<u>8,356</u>	<u>8,600</u>
Total	<u>\$ 403,455</u>	<u>\$ 409,943</u>

Temporarily restricted net assets were available for the following purpose restrictions as of December 31:

	<u>2015</u>	<u>2014</u>
Brandywine Village Network Program	\$ 3,500	\$ 86,000
Counseling	56,135	57,765
Capital Project or At-Risk Elderly Program	24,925	30,424
Community Education and Outreach	10,675	10,675
Friends Campaign	56,680	42,267
Kimmel Spiller Healing Center	-	3,000
Long-Term Continuance of the Organization	87,360	91,089
Relief Fund	7,909	10,589
Services for Battered Women	10,908	10,908
Support for Vulnerable Persons	200,000	200,000
Work Force Development	183,400	133,300
Village Garden	56,832	-
Lewes Office	<u>226,500</u>	-
Total	<u>\$ 924,824</u>	<u>\$ 676,017</u>

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2015**

**NOTE 2: NET ASSETS - CONTINUED**

Permanently restricted net assets consisted of the following as of December 31:

	<u>2015</u>	<u>2014</u>
Restricted Purpose		
Restricted for the Long-Term Continuance of the Organization	\$ 111,198	\$ 111,198

Net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors.

	<u>2015</u>	<u>2014</u>
Purpose Restrictions Accomplished		
Brandywine Village Network	\$ 80,000	\$ 95,000
Counseling	581	575
Friends Campaign	42,266	38,049
Kimmel-Spiller Healing Center	3,000	5,000
Long-Term Continuance of the Organization	1,906	3,009
Relief Fund	2,681	-
Work Force Development	140,000	192,042
Other Temporary Restrictions	-	5,000
Purchase of Equipment	5,500	5,100
Village Garden	14,646	-
Lewes Office	11,700	-
Total Restrictions Released	\$ 302,280	\$ 343,775

**NOTE 3: INVESTMENTS**

The Organization has invested funds with Jewish Fund for the Future. The underlying investments are marketable debt and equity securities. Investments are marked to market on a regular basis by Jewish Fund for the Future and the Organization recognizes its investments at fair value accordingly. Cost and fair value of the investments were as follows as of December 31:

	<u>Jewish Fund for the Future</u>	<u>Cost</u>	<u>Fair Value</u>
2015		\$ 300,924	\$ 306,932
2014		286,193	315,843

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2015**

**NOTE 4: BENEFICIAL INTEREST IN FUNDS HELD AT DELAWARE COMMUNITY FOUNDATION**

The Organization established a fund at Delaware Community Foundation (DCF) and designated itself as the beneficiary subject to the terms of the fund agreement.

The purpose of the Jewish Family Services of Delaware Fund (Fund) is to provide for the long-term stability of the Organization. In order to carry out the purpose and objective of the Fund, the Organization and DCF must agree upon a percentage of principal assets of the Fund (usually 0% to 6%) to be distributed to the Organization annually.

The Organization recognizes its investments held by DCF in accordance with FASB ASC 958. The assets held by the DCF are designated as the Fund and recorded in the financial statements; however, DCF possesses variance power of the Fund. The Organization is entitled to receive quarterly distributions of income.

The investment balance at DCF was \$179,461 and \$184,328 as of December 31, 2015 and 2014, respectively. There were no distributions from the Fund during the years ended December 31, 2015 and 2014.

**NOTE 5: INVESTMENT INCOME**

Investment gains (losses) consisted of the following for the years ended December 31:

	<u>2015</u>	<u>2014</u>
Gains (Losses) - Beneficial Interest in Funds at DCF	\$ (5,354)	\$ 1,941
Realized Gains - Investments	8,514	6,214
Unrealized Losses - Investments	<u>(23,642)</u>	<u>(4,501)</u>
Total	<u>\$ (20,482)</u>	<u>\$ 3,654</u>

Investment fee expenses are included in bank fees on the statements of functional expenses and totaled \$5,865 and \$5,136 for the years ended December 31, 2015 and 2014, respectively.

**NOTE 6: CONCENTRATION OF CREDIT RISK**

The Organization maintains cash balances in several financial institutions, which at times exceed federally insured limits. Although the Organization's cash balances may exceed insured limits in the normal course of business, in management's opinion there is no substantial risk associated with this concentration. The amount of credit exposure in excess of federally insured limits for cash and cash equivalents and certificates of deposit as of December 31, 2015 and 2014 was \$865,870 and \$476,440, respectively.



**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2015**

**NOTE 7: FURNITURE, FIXTURES, AND EQUIPMENT**

Furniture, fixtures, and equipment consisted of the following as of December 31:

	2015	2014
Improvements	\$ 43,030	\$ 19,238
Furniture and Fixtures	131,086	130,486
Office Equipment	276,665	397,574
	450,781	547,298
Less: Accumulated Depreciation	(289,443)	(410,419)
Furnitures, Fixtures, and Equipment - Net	\$ 161,338	\$ 136,879

**NOTE 8: OPERATING LEASES**

The Organization leases approximately 2,000 square feet of office space for its satellite office in Newark, Delaware. The initial term of the lease expired on August 14, 2012. The lease agreement offered an option of renewing for an additional five terms, of two years each, with a 3% increase in the annual base rent after each two-year term. The Organization has exercised its first two renewal options. The current lease term requires monthly payments of \$2,251 through August 2016.

During the year ended December 31, 2015, the Organization entered into a lease for approximately 1,800 square feet of office space for its new satellite office in Lewes, Delaware, which began operations in January 2016. The initial lease term began on December 1, 2015 and expires on November 30, 2019. The lease agreement offered an option of renewing for an additional two terms, of four years each. The current lease term requires monthly payments of \$2,350 through November 2019, with a 3% increase in year three and year four.

Rent expense was \$29,700 and \$26,426 for the years ended December 31, 2015 and 2014, respectively.

Future minimum lease payments are as follows for years ending December 31:

2016	\$ 45,589
2017	28,200
2018	29,046
2019	27,424
	\$ 130,259

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2015**

**NOTE 9: CAPITAL LEASES**

The Organization leases office equipment for various terms under capital lease agreements. The leases expire at various dates through December 2020. The asset and liability under the capital leases are originally recorded at the fair market value of the equipment. The following is a summary of the equipment held under capital leases as of December 31:

	2015	2014
Equipment	\$ 47,817	\$ 37,955
Less: Accumulated Depreciation	13,284	5,693
	\$ 34,533	\$ 32,262

As of December 31, 2015, future minimum lease payments under capital leases are summarized as follows:

		\$ 13,046
2016		13,046
2017		13,046
2018		5,682
2019		2,000
2020		46,820
Less: Amounts Representing Imputed Interest		8,510
PV of Future Minimum Lease Payments		38,310
Less: Current Maturities		8,977
Capital Lease Obligations - Net of Current Maturities		\$ 29,333

**NOTE 10: PENSION PLAN**

The Organization sponsors a 401(k) retirement plan. Effective January 1, 2014, the Organization amended the plan to include a safe harbor employer matching feature. The safe harbor contributions are a 100% match on employee salary deferrals up to 4% of compensation. Additional matching contributions and qualified non-elective contributions are made at the discretion of the Organization. Eligible employees may participate in elective deferrals on the date of employment. Eligible employees may participate in the safe harbor matching contributions and discretionary employer contributions after completing 1 year of service and attaining the age of 21.

Pension contributions to the plan for the years ended December 31, 2015 and 2014 were \$66,422 and \$48,537, respectively.

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2015**

**NOTE 11: COMMITMENTS**

The Organization has a three-year term contract with the chief executive officer through June 30, 2016.

During the year ended December 31, 2015, the Organization entered into a commitment of approximately \$62,059 for the construction of their Village Garden. The Organization also entered into a commitment of approximately \$19,750 for website redesign. Both projects are expected to be completed during 2016. As of December 31, 2015, \$63,401 remained on these commitments.

**NOTE 12: FACILITIES AND MANAGEMENT LEASE**

The Organization leases 7,287 square feet of office space from the Jewish Federation of Delaware (Federation) at the Harry & Jeanette Weinberg Jewish Community Campus, located in Wilmington, Delaware. The lease expired December 31, 2013. The Organization entered into a new lease agreement effective January 1, 2014 for a three-year term, expiring on December 31, 2016. Annual rent is determined on a yearly basis according to the Federation's facilities management budget.

Estimated future minimum lease payments are as follows for the year ending December 31:

2016	<u>\$ 74,460</u>
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Total expense under this lease was \$74,460 and \$71,661 for the years ended December 31, 2015 and 2014, respectively.

**NOTE 13: FAIR VALUE MEASUREMENTS**

The Organization follows the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*. Under FASB ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. FASB ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

*Level 1* - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Since valuations are based on quoted market prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2015**

**NOTE 13: FAIR VALUE MEASUREMENTS - CONTINUED**

*Level 2* - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

*Level 3* - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Fair values of assets measured on a recurring basis were as follows as of December 31:

	2015			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 306,932	\$ -	\$ 306,932	\$ -
Beneficial Interest in Funds Held at Delaware Community Foundation	<u>179,461</u>	<u>-</u>	<u>179,461</u>	<u>-</u>
Total Investments	<u>\$ 486,393</u>	<u>\$ -</u>	<u>\$ 486,393</u>	<u>\$ -</u>
	2014			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 315,843	\$ -	\$ 315,843	\$ -
Beneficial Interest in Funds Held at Delaware Community Foundation	<u>184,328</u>	<u>-</u>	<u>184,328</u>	<u>-</u>
Total Investments	<u>\$ 500,171</u>	<u>\$ -</u>	<u>\$ 500,171</u>	<u>\$ -</u>

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2015**

**NOTE 14: ENDOWMENT**

The Organization's endowment consists of approximately 13 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the Fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the Organization and the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the investment policies of the Organization.

Endowment by net assets composition by type of fund was as follows as of December 31:

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-Restricted Endowment Funds				
Amounts Held in Investments	\$ -	\$ 9,521	\$ 17,820	\$ 27,341
Beneficial Interest in Funds Held at DCF	-	48,561	59,831	108,392
Cash Restricted for Endowment Funds	-	29,278	33,547	62,825
Total Donor-Restricted Endowment Funds	-	87,360	111,198	198,558
Board-Designated Endowment Funds				
Amounts Held in Investments	223,455	-	-	223,455
Total Board-Designated Endowment Funds	223,455	-	-	223,455
Total Funds	<u>\$ 223,455</u>	<u>\$ 87,360</u>	<u>\$ 111,198</u>	<u>\$ 422,013</u>

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2015**

**NOTE 14: ENDOWMENT - CONTINUED**

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-Restricted Endowment Funds				
Amounts Held in Investments	\$ -	\$ 10,314	\$ 17,820	\$ 28,134
Beneficial Interest in Funds Held at DCF	-	51,497	59,831	111,328
Cash Restricted for Endowment Funds	-	29,278	33,547	62,825
Total Donor-Restricted Endowment Funds	-	91,089	111,198	202,287
Board-Designated Endowment Funds				
Amounts Held in Investments	229,943	-	-	229,943
Total Board-Designated Endowment Funds	229,943	-	-	229,943
Total Funds	<u>\$ 229,943</u>	<u>\$ 91,089</u>	<u>\$ 111,198</u>	<u>\$ 432,230</u>

Changes in endowment net assets for the years ended December 31, 2015 and 2014 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - January 1, 2014	<u>\$ 77,730</u>	<u>\$ 87,288</u>	<u>\$ 99,266</u>	<u>\$ 264,284</u>
Investment Return				
Investment Income	3,686	4,334	-	8,020
Net Appreciation - Realized and Unrealized	80	2,476	-	2,556
Total Investment Return	3,766	6,810	-	10,576
Contributions	150,000	-	11,932	161,932
Appropriation of Endowment Assets for Expenditure	(1,553)	(3,009)	-	(4,562)
Endowment Net Assets - December 31, 2014	<u>229,943</u>	<u>91,089</u>	<u>111,198</u>	<u>432,230</u>
Investment Return				
Investment Income	6,840	2,757	-	9,597
Net Depreciation - Realized and Unrealized	(11,014)	(4,582)	-	(15,596)
Total Investment Return	(4,174)	(1,825)	-	(5,999)
Contributions	-	-	-	-
Appropriation of Endowment Assets for Expenditure	(2,314)	(1,904)	-	(4,218)
Endowment Net Assets - December 31, 2015	<u>\$ 223,455</u>	<u>\$ 87,360</u>	<u>\$ 111,198</u>	<u>\$ 422,013</u>

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2015**

**NOTE 14: ENDOWMENT - CONTINUED**

Description of amounts classified as permanently restricted net assets and temporarily restricted net assets:

	2015	2014
Permanently Restricted Net Assets		
Portion of Perpetual Endowment Funds Required to be Retained by Explicit Donor Stipulation or by UPMIFA	\$ 111,198	\$ 111,198
Total Endowment Funds Classified as Permanently Restricted Net Assets	\$ 111,198	\$ 111,198
Temporarily Restricted Net Assets		
Portion of Perpetual Endowment Funds Subject to a Time Restriction Under UPMIFA with Purpose Restriction	\$ 87,360	\$ 91,089
Total Endowment Funds Classified as Temporarily Restricted Net Assets	\$ 87,360	\$ 91,089

***Funds with Deficiencies*** - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are to be reported in unrestricted net assets. There were no deficiencies in funds as of December 31, 2015 and 2014.

***Investment Return Objectives and Risk Parameters*** - The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 Index while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return that is sufficient to offset normal inflation plus the spending policy. Actual returns in any given year may vary from this amount.

***Investment Strategies Employed for Achieving Objectives*** - To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2015**

**NOTE 14: ENDOWMENT - CONTINUED**

*Investment Strategies Employed for Achieving Objectives - continued* - diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**NOTE 15: LINE OF CREDIT**

The Organization had an available line of credit from TD Bank of \$100,000 as of December 31, 2015 and 2014. The line of credit bears interest at a rate equal to the *Wall Street Journal* prime rate plus 1%, with a floor of 4.25%. The effective rate of the line of credit as of December 31, 2015 and 2014 was 4.50% and 4.25%, respectively. The line is secured by all assets of the Organization. As of December 31, 2015 and 2014, there was no outstanding balance.

**NOTE 16: PRIOR PERIOD ADJUSTMENT**

During the year ended December 31, 2015, the Organization determined that a lease agreement entered into during 2014 and previously accounted for as an operating lease should be accounted for as a capital lease (Note 9). As a result, the Organization has restated its 2014 financial statements. The following are the effects of the restatement:

	<u>As Previously Reported</u>	<u>As Restated</u>	<u>Restatement</u>
<u>As of December 31, 2014</u>			
Furniture, Fixtures, and Equipment	\$ 509,343	\$ 547,298	\$ 37,955
Accumulated Depreciation	404,726	410,419	5,693
Capital Lease Payable	-	34,449	34,449
Total Net Assets	1,679,121	1,676,934	(2,187)
<u>For the Year Ended December 31, 2014</u>			
Depreciation of Property and Equipment	19,904	25,597	5,693
Equipment Rental and Maintenance	13,376	6,012	(7,364)
Interest	-	3,858	3,858
Total Expenses	2,201,110	2,203,297	2,187
Change in Net Assets	133,388	131,201	(2,187)