

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

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2013 AND 2012**

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**TABLE OF CONTENTS**  
**DECEMBER 31, 2013 AND 2012**

	<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

---

www.belfint.com

---

*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 statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 of 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, 2013, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Prior Period Financial Statements***

The financial statements of Jewish Family Services of Delaware, Inc. as of and for the year ended December 31, 2012 were audited by other auditors whose report dated March 19, 2013, expressed an unmodified opinion on those financial statements. As discussed in Note 14 to the financial statements, the Organization has adjusted its 2012 financial statements to retrospectively apply a change in accounting to recognize a previously unrecorded liability related to accrued payroll. The other auditors reported on the financial statements before the retrospective adjustment.

As part of the audit of the 2013 financial statements, we also audited the adjustments to the 2012 financial statements to retrospectively apply the change in accounting as described in Note 14. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to Jewish Family Services of Delaware, Inc.'s 2012 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2012 financial statements as a whole.

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

April 11, 2014  
Wilmington, Delaware

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2013 AND 2012**

**ASSETS**

	<b>2013</b>	<b>2012*</b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 724,978	\$ 532,100
Certificates of Deposit	272,180	272,180
Patient Accounts Receivable - Net	95,070	45,043
Grants Receivable	74,155	90,693
Prepaid Expenses	55,450	9,468
<b>TOTAL CURRENT ASSETS</b>	<b>1,221,833</b>	<b>949,484</b>
<b>PROPERTY AND EQUIPMENT</b>		
Furniture, Fixtures, and Equipment	454,210	431,425
Less: Accumulated Depreciation	(384,822)	(366,318)
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<b>69,388</b>	<b>65,107</b>
<b>OTHER ASSETS</b>		
Security Deposit	2,000	2,000
Restricted Cash for Endowment Funds	50,893	50,893
Investments	161,227	138,228
Beneficial Interest in Funds Held at Delaware Community Foundation	181,314	164,385
<b>TOTAL OTHER ASSETS</b>	<b>395,434</b>	<b>355,506</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,686,655</b>	<b>\$ 1,370,097</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 92,551	\$ 70,336
Accrued Pension Expense	48,371	64,720
<b>TOTAL LIABILITIES</b>	<b>140,922</b>	<b>135,056</b>
<b>NET ASSETS</b>		
Unrestricted - Undesignated	484,111	156,062
Unrestricted - Board-Designated	257,730	246,642
Total Unrestricted	741,841	402,704
Temporarily Restricted	704,626	733,071
Permanently Restricted	99,266	99,266
<b>TOTAL NET ASSETS</b>	<b>1,545,733</b>	<b>1,235,041</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,686,655</b>	<b>\$ 1,370,097</b>

\*Restated and Reclassified, See Note 14

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



2012\*

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 33,409	\$ 38,409	\$ -	\$ 71,818
73,761	-	-	73,761
47,500	-	-	47,500
1,217,283	11,658	-	1,228,941
2,500	-	-	2,500
27,572	395,157	-	422,729
<u>1,402,025</u>	<u>445,224</u>	<u>-</u>	<u>1,847,249</u>
105,159	-	-	105,159
95,317	-	-	95,317
13,857	-	-	13,857
8,845	-	-	8,845
<u>223,178</u>	<u>-</u>	<u>-</u>	<u>223,178</u>
9,401	12,420	-	21,821
-	11,629	-	11,629
5,133	-	-	5,133
3,218	-	-	3,218
239,077	(239,077)	-	-
<u>1,882,032</u>	<u>230,196</u>	<u>-</u>	<u>2,112,228</u>
876,986	-	-	876,986
630,127	-	-	630,127
189,353	-	-	189,353
<u>1,696,466</u>	<u>-</u>	<u>-</u>	<u>1,696,466</u>
<u>349,793</u>	<u>-</u>	<u>-</u>	<u>349,793</u>
<u>2,046,259</u>	<u>-</u>	<u>-</u>	<u>2,046,259</u>
(164,227)	230,196	-	65,969
<u>566,931</u>	<u>502,875</u>	<u>99,266</u>	<u>1,169,072</u>
<u>\$ 402,704</u>	<u>\$ 733,071</u>	<u>\$ 99,266</u>	<u>\$ 1,235,041</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, 2013**

	Program Services				Total	Supporting Services
	Counseling	Care Management	Youth	Program Services		
<b>SALARIES AND RELATED EXPENSES</b>						
Salaries	\$ 648,738	\$ 300,783	\$ 152,690	\$ 1,102,211	\$ 226,934	\$ 1,329,145
Employee Retirement Benefits	21,600	8,040	9,120	38,760	12,410	51,170
Employee Benefits	53,376	22,575	16,256	92,207	5,654	97,861
Payroll Taxes	47,384	36,388	12,764	96,536	443	96,979
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>771,098</b>	<b>367,786</b>	<b>190,830</b>	<b>1,329,714</b>	<b>245,441</b>	<b>1,575,155</b>
<b>OTHER EXPENSES</b>						
Advertising	326	10,341	50	10,717	8,454	19,171
Bank Fees	8,855	7,591	3,796	20,242	9,857	30,099
Conferences and Staff Training	4,713	4,650	1,877	11,240	5,312	16,552
Contract Services	96,033	44,557	20,042	160,632	20,664	181,296
Dues and Subscriptions	5,903	3,948	2,100	11,951	3,855	15,806
Equipment Rental and Maintenance	5,076	3,100	1,057	9,233	3,791	13,024
Insurance	8,808	5,319	2,190	16,317	3,328	19,645
Janitorial and Maintenance	5,054	1,264	-	6,318	100	6,418
Mileage and Expense Allowances	9,848	4,702	2,255	16,805	4,272	21,077
Miscellaneous Expense	5,097	2,336	1,930	9,363	-	9,363
Office Supplies	3,022	1,785	305	5,112	3,217	8,329
Outside Printing and Publications	1,014	2,083	137	3,234	4,517	7,751
Postage	36	706	-	742	3,294	4,036
Rent and Occupancy	49,579	33,136	9,829	92,544	11,626	104,170
Special Assistance	1,515	10,983	1,377	13,875	-	13,875
Telephone	9,550	4,527	2,582	16,659	2,475	19,134
<b>TOTAL OTHER EXPENSES</b>	<b>214,429</b>	<b>141,028</b>	<b>49,527</b>	<b>404,984</b>	<b>84,762</b>	<b>489,746</b>
Depreciation of Furniture, Fixtures, and Equipment	10,008	3,311	3,073	16,392	2,112	18,504
<b>TOTAL EXPENSES</b>	<b>\$ 995,535</b>	<b>\$ 512,125</b>	<b>\$ 243,430</b>	<b>\$ 1,751,090</b>	<b>\$ 332,315</b>	<b>\$ 2,083,405</b>

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, 2012**

	Program Services				Total	Supporting Services	Total*
	Counseling	Care Management	Youth	Program Services			
<b>SALARIES AND RELATED EXPENSES</b>							
Salaries	\$ 574,150	\$ 401,139	\$ 102,911	\$ 1,078,200	\$ 222,424	\$ 1,300,624	
Employee Retirement Benefits	26,396	13,198	8,271	47,865	15,572	63,437	
Employee Benefits	49,467	18,506	7,741	75,714	18,609	94,323	
Payroll Taxes	43,320	30,288	7,409	81,017	14,952	95,969	
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>693,333</b>	<b>463,131</b>	<b>126,332</b>	<b>1,282,796</b>	<b>271,557</b>	<b>1,554,353</b>	
<b>OTHER EXPENSES</b>							
Advertising	2,276	3,894	569	6,739	1,190	7,929	
Bank Fees	9,484	9,234	4,838	23,556	4,319	27,875	
Conferences and Staff Training	2,744	5,043	1,759	9,546	2,123	11,669	
Contract Services	81,050	60,700	26,188	167,938	34,396	202,334	
Dues and Subscriptions	778	2,053	704	3,535	675	4,210	
Equipment Rental and Maintenance	5,147	3,861	1,119	10,127	1,907	12,034	
Insurance	5,347	5,546	2,298	13,191	2,510	15,701	
Janitorial and Maintenance	4,757	1,464	366	6,587	734	7,321	
Mileage and Expense Allowances	2,736	7,693	3,095	13,524	4,200	17,724	
Miscellaneous Expense	226	286	801	1,313	235	1,548	
Office Supplies	2,069	2,210	883	5,162	983	6,145	
Outside Printing and Publications	3,511	4,416	1,769	9,696	1,711	11,407	
Postage	1,274	1,356	570	3,200	585	3,785	
Rent and Occupancy	45,669	33,338	10,400	89,407	14,203	103,610	
Special Assistance	500	16,192	1,421	18,113	512	18,625	
Telephone	9,727	4,675	2,134	16,536	2,919	19,455	
<b>TOTAL OTHER EXPENSES</b>	<b>177,295</b>	<b>161,961</b>	<b>58,914</b>	<b>398,170</b>	<b>73,202</b>	<b>471,372</b>	
Depreciation of Furniture, Fixtures, and Equipment	6,358	5,035	4,107	15,500	5,034	20,534	
<b>TOTAL EXPENSES</b>	<b>\$ 876,986</b>	<b>\$ 630,127</b>	<b>\$ 189,353</b>	<b>\$ 1,696,466</b>	<b>\$ 349,793</b>	<b>\$ 2,046,259</b>	

\*Restated and Reclassified, See Note 14

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, 2013 AND 2012**

	<b>2013</b>	<b>2012*</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 310,692	\$ 65,969
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	18,504	20,534
Unrealized Gain on Investments	(17,200)	(11,629)
Realized Gains - Investments and Beneficial Interest in Funds at DCF	(18,451)	(12,049)
Change in Assets		
Patient Accounts Receivable	(50,027)	44,128
Grants Receivable	16,538	(9,803)
Prepaid Expenses	(45,982)	(8,816)
Change in Liabilities		
Accounts Payable and Accrued Expenses	22,215	(6,076)
Accrued Pension Expense	(16,349)	28,379
	<b>219,940</b>	<b>110,637</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Furniture, Fixtures and Equipment	(22,785)	(30,547)
Purchase and Reinvestment of Certificates of Deposit	-	(1,137)
Purchase of Investments	(4,277)	(4,457)
	<b>(27,062)</b>	<b>(36,141)</b>
<b>NET CASH UTILIZED BY INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>192,878</b>	<b>74,496</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<b>532,100</b>	<b>457,604</b>
<b>CASH AND CASH EQUIVALENTS - End of Year</b>	<b>\$ 724,978</b>	<b>\$ 532,100</b>

\*Restated and Reclassified, See Note 14

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

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**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 \$18,504 and \$20,534 for the years ended December 31, 2013 and 2012, 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, 2013 and 2012 since the criteria for FASB ASC 958 were not met.

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2013**

**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 are considered to be unrestricted and highly liquid investments with maturities of three months or less at the time of acquisition.

*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 classification follows:

*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 - Specific Purposes* - 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.

*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.

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2013**

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

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

*Advertising* - The Organization expenses the cost of advertising when incurred. Advertising expense totaled \$19,171 and \$7,929 for the years ended December 31, 2013 and 2012, 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 \$9,651 and \$31,122 as of December 31, 2013 and 2012, respectively. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

*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 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, 2013 and 2012.

The federal informational returns of the Organization for the years ended December 31, 2010, 2011, and 2012 are subject to examination by the tax authorities, generally for three years after they were filed.

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2013**

**NOTE 2: NET ASSETS**

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

	<u>2013</u>	<u>2012</u>
Emergency Operational Expenses	\$ 180,000	\$ 180,000
Future Growth and Expansion	69,372	59,476
Jewish Volunteer Network	<u>8,358</u>	<u>7,166</u>
Total	<u>\$ 257,730</u>	<u>\$ 246,642</u>

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

	<u>2013</u>	<u>2012</u>
Brandywine Village Network Program	\$ 119,000	\$ 202,176
Counseling	56,150	48,140
Capital Project or At-Risk Elderly Program	24,924	24,924
Community Education and Outreach	10,675	10,675
Émigré Program	-	25,000
Friends Campaign	38,049	38,408
Grant-in-Aid - 2013	-	11,658
Kimmel Spiller Healing Center	5,000	5,000
Long-Term Continuance of the Organization	87,289	55,550
Media Matters Program	-	82,543
Other Temporary Restrictions	8,742	-
Relief Fund	10,589	10,589
Services for Battered Women	10,908	18,408
Support for Vulnerable Persons	200,000	200,000
Work Force Development	<u>133,300</u>	<u>-</u>
Total	<u>\$ 704,626</u>	<u>\$ 733,071</u>

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

	<u>2013</u>	<u>2012</u>
Restricted Purpose		
Restricted for the Long-Term Continuance of the Organization	<u>\$ 99,266</u>	<u>\$ 99,266</u>

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2013**

**NOTE 2: NET ASSETS - CONTINUED**

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

	<u>2013</u>	<u>2012</u>
Purpose Restrictions Accomplished		
Brandywine Village Network	\$ 379,676	\$ 111,822
Counseling	5,515	458
Émigré Program	25,000	-
Friends Campaign	38,408	46,129
Kimmel-Spiller Healing Center	5,000	-
Long-Term Continuance of the Organization	2,794	2,549
Media Matters Program	182,543	74,793
Other Temporary Restrictions	10,508	-
Purchase of Equipment	17,000	2,814
Relief Fund	-	512
Services for Battered Woman	7,500	-
	<u>\$ 673,944</u>	<u>\$ 239,077</u>
Total Restrictions Released		

**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>
2013		\$ 127,076	\$ 161,227
2012		121,277	138,228

For the year ended December 31, 2013, investment income included interest and dividends of \$9,187 and realized gains of \$18,451. For the year ended December 31, 2012, investment income included interest and dividends of \$9,772 and realized gains of \$12,049.

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2013**

**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 receives quarterly distributions of income.

The investment balance at DCF was \$181,314 and \$164,385 as of December 31, 2013 and 2012, respectively. There was no distribution from the Fund during the years ended December 31, 2013 and 2012.

**NOTE 5: CONCENTRATION OF CREDIT RISK**

The Organization maintains cash balances in several financial institutions. The Federal Deposit Insurance Corporation (FDIC) fully insured non-interest-bearing accounts at these financial institutions through December 31, 2012. On January 1, 2013, the unlimited insurance coverage for non-interest-bearing deposit accounts expired. As of December 31, 2013, all deposit accounts were insured up to \$250,000 per institution. The amount of credit exposure in excess of federally insured limits for cash and cash equivalents and certificates of deposit as of December 31, 2013 and 2012 was \$471,350 and \$232,678, respectively.

**NOTE 6: FURNITURE, FIXTURES, AND EQUIPMENT**

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

	2013	2012
Improvements	\$ 12,743	\$ 12,743
Furniture and Fixtures	129,568	111,048
Office Equipment	311,899	307,634
	454,210	431,425
Less: Accumulated Depreciation	(384,822)	(366,318)
Furnitures, Fixtures, and Equipment - Net	\$ 69,388	\$ 65,107



**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2013**

**NOTE 7: OPERATING LEASE**

The Organization leases office space for its satellite office in Newark, Delaware. The Organization was leasing the space on a month-to-month basis until August 15, 2010, when the Organization entered into a new lease agreement for approximately 2,000 square feet at a monthly fee of \$2,000. 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 did exercise its first renewal option.

Rent expense was \$25,464 and \$24,906 for the years ended December 31, 2013 and 2012, respectively.

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

2014	<u>\$ 16,391</u>
------	------------------

**NOTE 8: PENSION PLAN**

During 2011, the Organization had a SEP/IRA Plan through Mutual of America, which is qualified under Section 408(a) of the Internal Revenue Code and 403(b) annuity pension plan. Effective December 31, 2011, the Organization terminated the 403(b) and SEP/IRA plans. Effective January 1, 2012, the Organization adopted a new 401(k) plan. Eligible employees may participate in elective deferrals on the date of employment. Eligible employees may participate in matching contributions and qualified non-elective contributions after completing 1 year of service and attaining the age of 21. Matching contributions and qualified non-elective contributions are made at the discretion of the Organization.

Pension contributions to the plan for the years ended December 31, 2013 and 2012 were \$51,170 and \$63,437, respectively.

**NOTE 9: COMMITMENT**

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

**NOTE 10: 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.

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2013**

**NOTE 10: FACILITIES AND MANAGEMENT LEASE - CONTINUED**

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

2014	\$ 71,661
2015	71,661
2016	<u>71,661</u>
	<u>\$ 214,983</u>

Total expense under this lease was \$69,202 and \$70,378 for the years ended December 31, 2013 and 2012, respectively.

**NOTE 11: 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.

*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.

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2013**

**NOTE 11: FAIR VALUE MEASUREMENTS - CONTINUED**

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

	2013			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 161,227	\$ -	\$ 161,227	\$ -
Beneficial Interest in Funds Held at Delaware Community Foundation	181,314	-	181,314	-
Total Investments	<u>\$ 342,541</u>	<u>\$ -</u>	<u>\$ 342,541</u>	<u>\$ -</u>
	2012			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 138,228	\$ -	\$ 138,228	\$ -
Beneficial Interest in Funds Held at Delaware Community Foundation	164,385	-	164,385	-
Total Investments	<u>\$ 302,613</u>	<u>\$ -</u>	<u>\$ 302,613</u>	<u>\$ -</u>

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

**NOTE 12: ENDOWMENT**

The Organization's endowment consists of approximately 14 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

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2013**

**NOTE 12: ENDOWMENT - CONTINUED**

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:

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Donor-Restricted Endowment Funds</b>				
Amounts Held in Investments	\$ -	\$ 9,528	\$ 17,820	\$ 27,348
Beneficial Interest in Funds Held at DCF	-	48,482	59,831	108,313
Cash Restricted for Endowment Funds	-	29,278	21,615	50,893
Total Donor-Restricted Endowment Funds	-	87,288	99,266	186,554
<b>Board-Designated Endowment Funds</b>				
Amounts Held in Investments	77,730	-	-	77,730
Cash Restricted for Endowment Funds	180,000	-	-	180,000
Total Board-Designated Endowment Funds	257,730	-	-	257,730
<b>Total Funds</b>	<b>\$ 257,730</b>	<b>\$ 87,288</b>	<b>\$ 99,266</b>	<b>\$ 444,284</b>

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**DECEMBER 31, 2013**

**NOTE 12: ENDOWMENT - CONTINUED**

	2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-Restricted Endowment Funds				
Amounts Held in Investments	\$ -	\$ 5,627	\$ 17,820	\$ 23,447
Beneficial Interest in Funds Held at DCF	-	20,645	59,831	80,476
Cash Restricted for Endowment Funds	-	29,278	21,615	50,893
Total Donor-Restricted Endowment Funds	-	55,550	99,266	154,816
Board-Designated Endowment Funds				
Amounts Held in Investments	66,642	-	-	66,642
Cash Restricted for Endowment Funds	180,000	-	-	180,000
Total Board-Designated Endowment Funds	246,642	-	-	246,642
Total Funds	\$ 246,642	\$ 55,550	\$ 99,266	\$ 401,458

Changes in endowment net assets for the years ended December 31, 2013 and 2012 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - January 1, 2012	\$ 239,550	\$ 39,631	\$ 99,266	\$ 378,447
Investment Return				
Investment Income - Net	1,902	4,517	-	6,419
Net Appreciation - Realized and Unrealized	5,826	13,951	-	19,777
Total Investment Return	7,728	18,468	-	26,196
Contributions	-	-	-	-
Appropriation of Endowment Assets for Expenditure	(636)	(2,549)	-	(3,185)
Endowment Net Assets - December 31, 2012	246,642	55,550	99,266	401,458
Investment Return				
Investment Income - Net	2,449	4,081	-	6,530
Net Appreciation - Realized and Unrealized	9,353	19,543	-	28,896
Total Investment Return	11,802	23,624	-	35,426
Contributions	-	10,908	-	10,908
Appropriation of Endowment Assets for Expenditure	(714)	(2,794)	-	(3,508)
Endowment Net Assets - December 31, 2013	\$ 257,730	\$ 87,288	\$ 99,266	\$ 444,284

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2013**

**NOTE 12: ENDOWMENT - CONTINUED**

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

	2013	2012
Permanently Restricted Net Assets		
Portion of Perpetual Endowment Funds Required to be Retained by Explicit Donor Stipulation or by UPMIFA	\$ 99,266	\$ 99,266
Total Endowment Funds Classified as Permanently Restricted Net Assets	\$ 99,266	\$ 99,266
Temporarily Restricted Net Assets		
Portion of Perpetual Endowment Funds Subject to a Time Restriction Under UPMIFA with Purpose Restriction	\$ 87,288	\$ 55,550
Total Endowment Funds Classified as Temporarily Restricted Net Assets	\$ 87,288	\$ 55,550

***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, 2013 and 2012, respectively.

***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, 2013**

**NOTE 12: 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 13: LINE OF CREDIT**

The Organization had an available line of credit from TD Bank of \$100,000 as of December 31, 2013 and 2012. 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, 2013 and 2012 was 4.25%. The line is secured by all assets of the Organization. As of December 31, 2013 and 2012, there was no outstanding balance.

**NOTE 14: PRIOR PERIOD ADJUSTMENT**

The Organization has adjusted its 2012 financial statements to retrospectively apply a change in accounting to recognize a previously unrecorded liability related to accrued payroll. As a result, accounts payable and accrued expenses as previously reported on the Organization's 2011 and 2012 financial statements was understated. Accordingly, the Organization has restated its 2012 financial statements. The following are the effects of the restatement:

Net Assets at December 31, 2011 - Previously Reported	\$ 1,211,503
Net Adjustments to the Year Ended December 31, 2011	<u>(42,431)</u>
Net Assets at December 31, 2011 - Restated	<u>1,169,072</u>
Change in Net Assets for the Year Ended December 31, 2012 - Previously Reported	61,233
Net Adjustments to the Change in Net Assets for the Year Ended December 31, 2012	<u>4,736</u>
Change in Net Assets for the Year Ended December 31, 2012 - Restated	<u>65,969</u>
Net Assets at December 31, 2012 - Restated	<u>\$ 1,235,041</u>

	As of or For the Year Ended December 31, 2012		
	As Previously Reported	Prior Period Adjustment	As Restated
Accounts Payable and Accrued Expenses	\$ 32,641	\$ 37,695	\$ 70,336
Salaries	1,305,360	(4,736)	1,300,624
Net Assets - Beginning of Year	1,211,503	(42,431)	1,169,072
Net Assets - End of Year	1,272,736	(37,695)	1,235,041

**JEWISH FAMILY SERVICES OF DELAWARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2013**

**NOTE 14: PRIOR PERIOD ADJUSTMENT - CONTINUED**

In addition, certain amounts in the prior year financial statements and notes to the financial statements have been reclassified for comparative purposes to conform to the presentation of the current year financial statements and notes to the financial statements. These reclassifications had no effect on previously reported change in net assets or total net assets.