

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

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2014 AND 2013

JEWISH FAMILY SERVICES OF DELAWARE, INC.
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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, 2014 and 2013, 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, 2014 and 2013, 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.

March 24, 2015

Wilmington, Delaware

JEWISH FAMILY SERVICES OF DELAWARE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

ASSETS

	2014	2013
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 779,050	\$ 724,978
Certificates of Deposit	-	272,180
Patient Accounts Receivable - Net	191,622	95,070
Grants Receivable	82,586	74,155
Prepaid Expenses	56,446	55,450
TOTAL CURRENT ASSETS	1,109,704	1,221,833
PROPERTY AND EQUIPMENT		
Furniture, Fixtures, and Equipment	509,343	454,210
Less: Accumulated Depreciation	(404,726)	(384,822)
NET PROPERTY AND EQUIPMENT	104,617	69,388
OTHER ASSETS		
Security Deposit	2,000	2,000
Restricted Cash for Endowment Funds	62,825	50,893
Investments	315,843	161,227
Beneficial Interest in Funds Held at Delaware Community Foundation	184,328	181,314
TOTAL OTHER ASSETS	564,996	395,434
TOTAL ASSETS	\$ 1,779,317	\$ 1,686,655
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 51,659	\$ 92,551
Accrued Pension Expense	48,537	48,371
TOTAL LIABILITIES	100,196	140,922
NET ASSETS		
Unrestricted - Undesignated	481,963	484,111
Unrestricted - Board-Designated	409,943	257,730
Total Unrestricted	891,906	741,841
Temporarily Restricted	676,017	704,626
Permanently Restricted	111,198	99,266
TOTAL NET ASSETS	1,679,121	1,545,733
TOTAL LIABILITIES AND NET ASSETS	\$ 1,779,317	\$ 1,686,655

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

JEWISH FAMILY SERVICES OF DELAWARE, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT AND REVENUE				
Public Support				
Contributions	\$ 28,237	\$ 42,266	\$ 11,932	\$ 82,435
United Way of Delaware	64,818	-	-	64,818
Jewish Federation of Delaware Allocations	47,500	-	-	47,500
Fees and Grants from Government Agencies	1,425,705	-	-	1,425,705
Administration of Emergency Food and Shelter Program	2,712	-	-	2,712
Other Grants	2,700	263,900	-	266,600
Total Public Support	<u>1,571,672</u>	<u>306,166</u>	<u>11,932</u>	<u>1,889,770</u>
Other Revenue				
Program Fees - Net				
Counseling Fees and Contract Revenue	309,732	-	-	309,732
Care Management	91,145	-	-	91,145
Youth Development	22,322	-	-	22,322
Communal Services	2,250	-	-	2,250
Total Other Revenue	<u>425,449</u>	<u>-</u>	<u>-</u>	<u>425,449</u>
Investment Income	4,596	5,426	-	10,022
Gains on Investments	80	3,574	-	3,654
Special Events - Net of Expenses	-	-	-	-
Other Income	5,603	-	-	5,603
Net Assets Released from Restrictions	343,775	(343,775)	-	-
TOTAL SUPPORT AND REVENUE	<u>2,351,175</u>	<u>(28,609)</u>	<u>11,932</u>	<u>2,334,498</u>
OPERATING EXPENSE				
Program Services				
Counseling	1,150,576	-	-	1,150,576
Care Management	375,767	-	-	375,767
Youth Development	300,171	-	-	300,171
Total Program Services	<u>1,826,514</u>	<u>-</u>	<u>-</u>	<u>1,826,514</u>
Supporting Services				
Management and General	374,596	-	-	374,596
TOTAL OPERATING EXPENSES	<u>2,201,110</u>	<u>-</u>	<u>-</u>	<u>2,201,110</u>
CHANGE IN NET ASSETS	150,065	(28,609)	11,932	133,388
NET ASSETS - Beginning of Year	<u>741,841</u>	<u>704,626</u>	<u>99,266</u>	<u>1,545,733</u>
NET ASSETS - End of Year	<u>\$ 891,906</u>	<u>\$ 676,017</u>	<u>\$ 111,198</u>	<u>\$ 1,679,121</u>

2013

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 21,955	\$ 38,050	\$ -	\$ 60,005
66,715	-	-	66,715
46,250	-	-	46,250
1,260,676	-	-	1,260,676
8,323	-	-	8,323
19,700	575,300	-	595,000
<u>1,423,619</u>	<u>613,350</u>	<u>-</u>	<u>2,036,969</u>
145,727	-	-	145,727
90,447	-	-	90,447
46,828	-	-	46,828
4,760	-	-	4,760
<u>287,762</u>	<u>-</u>	<u>-</u>	<u>287,762</u>
3,336	5,851	-	9,187
9,353	26,298	-	35,651
18,974	-	-	18,974
5,554	-	-	5,554
673,944	(673,944)	-	-
<u>2,422,542</u>	<u>(28,445)</u>	<u>-</u>	<u>2,394,097</u>
995,483	-	-	995,483
497,682	-	-	497,682
241,806	-	-	241,806
<u>1,734,971</u>	<u>-</u>	<u>-</u>	<u>1,734,971</u>
348,434	-	-	348,434
<u>2,083,405</u>	<u>-</u>	<u>-</u>	<u>2,083,405</u>
339,137	(28,445)	-	310,692
402,704	733,071	99,266	1,235,041
<u>\$ 741,841</u>	<u>\$ 704,626</u>	<u>\$ 99,266</u>	<u>\$ 1,545,733</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>	
SALARIES AND RELATED EXPENSES						
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
TOTAL SALARIES AND RELATED EXPENSES	<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>
OTHER EXPENSES						
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	7,490	3,076	2,810	13,376	-	13,376
Insurance	8,435	3,451	3,135	15,021	3,077	18,098
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
TOTAL OTHER EXPENSES	<u>289,265</u>	<u>89,781</u>	<u>80,686</u>	<u>459,732</u>	<u>65,136</u>	<u>524,868</u>
Depreciation of Furniture, Fixtures, and Equipment	<u>10,774</u>	<u>4,278</u>	<u>3,880</u>	<u>18,932</u>	<u>972</u>	<u>19,904</u>
TOTAL EXPENSES	<u><u>\$ 1,150,576</u></u>	<u><u>\$ 375,767</u></u>	<u><u>\$ 300,171</u></u>	<u><u>\$ 1,826,514</u></u>	<u><u>\$ 374,596</u></u>	<u><u>\$ 2,201,110</u></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

	<u>Program Services</u>			<u>Total Program Services</u>	<u>Supporting Services</u>	
	<u>Counseling</u>	<u>Care Management</u>	<u>Youth</u>		<u>Management and General</u>	<u>Total</u>
	SALARIES AND RELATED EXPENSES					
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	47,332	21,945	11,140	80,417	16,562	96,979
TOTAL SALARIES AND RELATED EXPENSES	<u>771,046</u>	<u>353,343</u>	<u>189,206</u>	<u>1,313,595</u>	<u>261,560</u>	<u>1,575,155</u>
OTHER EXPENSES						
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
TOTAL OTHER EXPENSES	<u>214,429</u>	<u>141,028</u>	<u>49,527</u>	<u>404,984</u>	<u>84,762</u>	<u>489,746</u>
Depreciation of Furniture, Fixtures, and Equipment	<u>10,008</u>	<u>3,311</u>	<u>3,073</u>	<u>16,392</u>	<u>2,112</u>	<u>18,504</u>
TOTAL EXPENSES	<u>\$ 995,483</u>	<u>\$ 497,682</u>	<u>\$ 241,806</u>	<u>\$ 1,734,971</u>	<u>\$ 348,434</u>	<u>\$ 2,083,405</u>

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, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 133,388	\$ 310,692
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	19,904	18,504
Unrealized Loss (Gain) on Investments	4,501	(17,200)
Realized Gains - Investments and Beneficial Interest in Funds at DCF	(8,155)	(18,451)
Long-Term Endowment Contribution Received in Restricted Cash	(11,932)	-
Change in Assets		
Patient Accounts Receivable	(96,552)	(50,027)
Grants Receivable	(8,431)	16,538
Prepaid Expenses	(996)	(45,982)
Change in Liabilities		
Accounts Payable and Accrued Expenses	(40,892)	22,215
Accrued Pension Expense	166	(16,349)
	(8,999)	219,940
NET CASH FROM OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Furniture, Fixtures, and Equipment	(55,133)	(22,785)
Redemption of Certificates of Deposit	272,180	-
Purchase of Investments	(153,976)	(4,277)
	63,071	(27,062)
NET CASH FROM INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	54,072	192,878
CASH AND CASH EQUIVALENTS - Beginning of Year	724,978	532,100
CASH AND CASH EQUIVALENTS - End of Year	\$ 779,050	\$ 724,978

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

JEWISH FAMILY SERVICES OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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 \$19,904 and \$18,504 for the years ended December 31, 2014 and 2013, 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, 2014 and 2013 since the criteria for FASB ASC 958 were not met.

JEWISH FAMILY SERVICES OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2014

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

JEWISH FAMILY SERVICES OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2014

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

Investments - continued - 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 \$11,285 and \$19,171 for the years ended December 31, 2014 and 2013, 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 as of December 31, 2014 and 2013. 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, 2014 and 2013 totaled \$0.

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, 2014 and 2013, program fees revenue was net of contract adjustments totaling \$142,035 and \$177,313, 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 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).

JEWISH FAMILY SERVICES OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2014

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

Income Taxes - continued

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, 2014 and 2013.

The federal informational returns of the Organization for the years ended December 31, 2011, 2012, and 2013 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>2014</u>	<u>2013</u>
Emergency Operational Expenses	\$ 180,000	\$ 180,000
Future Growth and Expansion	221,343	69,372
Jewish Volunteer Network	<u>8,600</u>	<u>8,358</u>
Total	<u>\$ 409,943</u>	<u>\$ 257,730</u>

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

	<u>2014</u>	<u>2013</u>
Brandywine Village Network Program	\$ 86,000	\$ 119,000
Counseling	57,765	56,150
Capital Project or At-Risk Elderly Program	30,424	24,924
Community Education and Outreach	10,675	10,675
Friends Campaign	42,267	38,049
Kimmel Spiller Healing Center	3,000	5,000
Long-Term Continuance of the Organization	91,089	87,288
Other Temporary Restrictions	-	8,743
Relief Fund	10,589	10,589
Services for Battered Women	10,908	10,908
Support for Vulnerable Persons	200,000	200,000
Work Force Development	<u>133,300</u>	<u>133,300</u>
Total	<u>\$ 676,017</u>	<u>\$ 704,626</u>

JEWISH FAMILY SERVICES OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2014

NOTE 2: NET ASSETS - CONTINUED

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

	<u>2014</u>	<u>2013</u>
Restricted Purpose		
Restricted for the Long-Term Continuance of the Organization	<u>\$ 111,198</u>	<u>\$ 99,266</u>

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

	<u>2014</u>	<u>2013</u>
Purpose Restrictions Accomplished		
Brandywine Village Network	\$ 95,000	\$ 379,676
Counseling	575	5,515
Émigré Program	-	25,000
Friends Campaign	38,049	38,408
Kimmel-Spiller Healing Center	5,000	5,000
Long-Term Continuance of the Organization	3,009	2,794
Work Force Development	192,042	182,543
Other Temporary Restrictions	5,000	10,508
Purchase of Equipment	5,100	17,000
Services for Battered Woman	-	7,500
	<u> </u>	<u> </u>
Total Restrictions Released	<u>\$ 343,775</u>	<u>\$ 673,944</u>

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>
2014		\$ 286,193	\$ 315,843
2013		127,076	161,227

JEWISH FAMILY SERVICES OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2014

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 \$184,328 and \$181,314 as of December 31, 2014 and 2013, respectively. There were no distributions from the Fund during the years ended December 31, 2014 and 2013.

NOTE 5: INVESTMENT INCOME

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

	<u>2014</u>	<u>2013</u>
Gains - Beneficial Interest in Funds at DCF	\$ 1,941	\$ 16,252
Realized Gains - Investments	6,214	2,199
Unrealized Gains (Losses) - Investments	<u>(4,501)</u>	<u>17,200</u>
Total	<u>\$ 3,654</u>	<u>\$ 35,651</u>

Investment fee expenses are included in bank fees on the statements of functional expenses and totaled \$5,136 and \$4,023 for the years ended December 31, 2014 and 2013, 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, 2014 and 2013 was \$476,440 and \$471,350, respectively.

JEWISH FAMILY SERVICES OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2014

NOTE 7: FURNITURE, FIXTURES, AND EQUIPMENT

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

	2014	2013
Improvements	\$ 19,238	\$ 12,743
Furniture and Fixtures	130,486	129,568
Office Equipment	359,619	311,899
	509,343	454,210
Less: Accumulated Depreciation	(404,726)	(384,822)
Furnitures, Fixtures, and Equipment - Net	\$ 104,617	\$ 69,388

NOTE 8: OPERATING LEASE

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.

Rent expense was \$26,426 and \$25,464 for the years ended December 31, 2014 and 2013, respectively.

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

2015	\$ 27,012
2016	16,883
	\$ 43,895

NOTE 9: 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.

JEWISH FAMILY SERVICES OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2014

NOTE 9: PENSION PLAN - CONTINUED

Pension contributions to the plan for the years ended December 31, 2014 and 2013 were \$48,537 and \$51,170, respectively.

NOTE 10: COMMITMENT

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

NOTE 11: 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 years ending December 31:

2015	\$ 71,661
2016	<u>71,661</u>
	<u><u>\$ 143,322</u></u>

Total expense under this lease was \$71,661 and \$69,202 for the years ended December 31, 2014 and 2013, respectively.

NOTE 12: 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

JEWISH FAMILY SERVICES OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2014

NOTE 12: FAIR VALUE MEASUREMENTS - CONTINUED

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.

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

	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>
	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	<u>181,314</u>	<u>-</u>	<u>181,314</u>	<u>-</u>
Total Investments	<u>\$ 342,541</u>	<u>\$ -</u>	<u>\$ 342,541</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, 2014

NOTE 13: 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 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:

	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>

JEWISH FAMILY SERVICES OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2014

NOTE 13: ENDOWMENT - CONTINUED

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-Restricted Endowment Funds				
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
Board-Designated Endowment Funds				
Amounts Held in Investments	77,730	-	-	77,730
Total Board-Designated Endowment Funds	77,730	-	-	77,730
Total Funds	\$ 77,730	\$ 87,288	\$ 99,266	\$ 264,284

Changes in endowment net assets for the years ended December 31, 2014 and 2013 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - January 1, 2013	\$ 66,642	\$ 55,550	\$ 99,266	\$ 221,458
Investment Return				
Investment Income	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	77,730	87,288	99,266	264,284
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	\$ 229,943	\$ 91,089	\$ 111,198	\$ 432,230

JEWISH FAMILY SERVICES OF DELAWARE, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2014

NOTE 13: ENDOWMENT - CONTINUED

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

	2014	2013
Permanently Restricted Net Assets		
Portion of Perpetual Endowment Funds Required to be Retained by Explicit Donor Stipulation or by UPMIFA	\$ 111,198	\$ 99,266
Total Endowment Funds Classified as Permanently Restricted Net Assets	\$ 111,198	\$ 99,266
Temporarily Restricted Net Assets		
Portion of Perpetual Endowment Funds Subject to a Time Restriction Under UPMIFA with Purpose Restriction	\$ 91,089	\$ 87,288
Total Endowment Funds Classified as Temporarily Restricted Net Assets	\$ 91,089	\$ 87,288

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, 2014 and 2013.

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, 2014

NOTE 13: 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 14: LINE OF CREDIT

The Organization had an available line of credit from TD Bank of \$100,000 as of December 31, 2014 and 2013. 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, 2014 and 2013 was 4.25%. The line is secured by all assets of the Organization. As of December 31, 2014 and 2013, there was no outstanding balance.

NOTE 15: RECLASSIFICATION

Certain accounts in the prior year's financial statements have been reclassified to conform to the presentation of the current year's financial statements. These reclassifications had no effect on previously reported changes in net assets or total net assets.