Jewish Family & Community Services, Inc. and Affiliates

Combined Financial Statements

June 30, 2015

Table of Contents
June 30, 2015

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Jewish Family & Community Services, Inc. and Affiliates

Report on the Financial Statements

We have audited the accompanying financial statements of Jewish Family & Community Services, Inc. and Affiliates (the "Organization") which comprise the combined statement of financial position as of June 30, 2015, and the related combined statements of activities, cash flows and functional expenses 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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditor's 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. 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 the Organization as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, including the schedule of expenditures of federal awards and state financial assistance, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.650, Rules of the Auditor General, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's 2014 financial statements, and our report dated November 12, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2015 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

St. Augustine, Florida
October 14, 2015

Combined Statement of Financial Position
As of June 30, 2015

		2015		(Summarized Comparative Information) 2014
Assets				
Current assets:				
Cash	**$**	**933,700**	$	717,735
Accounts receivable		**65,360**		66,874
Contracts receivable		**84,878**		160,427
Other assets		**107,957**		68,968
Total current assets		**1,191,895**		1,014,004
Noncurrent assets:				
Investments		**1,874,189**		1,628,754
Contribution receivable – M.R. Hirschberg Irrevocable Trust		**771,217**		782,896
Property and equipment, net		**679,076**		740,806
Beneficial interest in Keebler fund		**151,918**		151,554
Total noncurrent assets		**3,476,400**		3,304,010
Total assets	**$**	**4,668,295**	$	4,318,014
Liabilities and net assets				
Current liabilities:				
Accounts payable	**$**	**191,382**	$	150,419
Accrued expenses		**291,775**		253,120
Deferred revenue		**279,673**		185,480
Notes payable		**250,000**		-
Total current liabilities		**1,012,830**		589,019
Long-term debt:				
Notes payable		**-**		250,000
Total liabilities		**1,012,830**		839,019
Net assets:				
Unrestricted:				
Investment in property and equipment		**429,076**		490,806
Unrestricted - other		**1,467,618**		1,222,839
Total unrestricted		**1,896,694**		1,713,645
Temporarily restricted		**1,565,879**		1,572,458
Permanently restricted		**192,892**		192,892
Total net assets		**3,655,465**		3,478,995
Total liabilities and net assets	**$**	**4,668,295**	$	4,318,014

See accompanying notes.

Combined Statement of Activities
Year ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	**2015 Total**	2014 (Summarized Comparative Information)
Public support					
United Way of Jacksonville	**$ 1,146,485**	**$ -**	**$ -**	**$ 1,146,485**	$ 1,217,128
Jacksonville Jewish Federation	**288,500**	**-**	**-**	**288,500**	288,500
Donations and grants	**450,818**	**219,176**	**-**	**669,994**	637,834
Total public support	**1,885,803**	**219,176**	**-**	**2,104,979**	2,143,462
Governmental support					
State Department of Children and Families	**4,940,880**	**-**	**-**	**4,940,880**	4,596,806
Emergency Food and Shelter Program	**-**	**-**	**-**	**-**	34,500
City of Jacksonville	**75,158**	**-**	**-**	**75,158**	59,926
Total governmental support	**5,016,038**	**-**	**-**	**5,016,038**	4,691,232
Other revenue and gains					
Program service fees:					
Counseling	**60,156**	**-**	**-**	**60,156**	53,422
Jewish services	**22,231**	**-**	**-**	**22,231**	23,132
Adoption	**72,202**	**-**	**-**	**72,202**	137,778
Medicaid/medicare/insurance	**245,326**	**-**	**-**	**245,326**	193,536
Increase (decrease) in:					
Remainder trust	**-**	**23,803**	**-**	**23,803**	77,051
Beneficial interest	**7,875**	**-**	**-**	**7,875**	10,375
Other investment earnings	**31,313**	**13,546**	**-**	**44,859**	198,225
Other	**56,912**	**-**	**-**	**56,912**	45,777
Total other revenue and gains	**496,015**	**37,349**	**-**	**533,364**	739,296

(Continued)

Combined Statement of Activities
Year ended June 30, 2015

(Concluded)

	Unrestricted	Temporarily Restricted	Permanently Restricted	**2015 Total**	2014 (Summarized Comparative Information)
Net assets released from restrictions					
Satisfaction of:					
Purpose restrictions	**227,622**	**(227,622)**	**-**	**-**	-
Time restrictions	**35,482**	**(35,482)**	**-**	**-**	-
Total net assets released from restrictions	**263,104**	**(263,104)**	**-**	**-**	-
Total support and revenue	**7,660,960**	**(6,579)**	**-**	**7,654,381**	7,573,990
Expenses					
Program services:					
Child safety	**4,492,324**	**-**	**-**	**4,492,324**	4,010,306
Comprehensive emergency assistance	**303,063**	**-**	**-**	**303,063**	336,990
Counseling	**689,592**	**-**	**-**	**689,592**	626,062
Achievers for life	**1,130,184**	**-**	**-**	**1,130,184**	1,152,705
Jewish services	**441,605**	**-**	**-**	**441,605**	373,505
Adoption	**79,180**	**-**	**-**	**79,180**	126,199
Total program services	**7,135,948**	**-**	**-**	**7,135,948**	6,625,767
Support services:					
General and administrative	**19,398**	**-**	**-**	**19,398**	66,766
Fundraising	**322,565**	**-**	**-**	**322,565**	281,998
Total support services	**341,963**	**-**	**-**	**341,963**	348,764
Total expenses	**7,477,911**	**-**	**-**	**7,477,911**	6,974,531
Change in net assets	**183,049**	**(6,579)**	**-**	**176,470**	599,459
Net assets - beginning	**1,713,645**	**1,572,458**	**192,892**	**3,478,995**	2,879,536
Net assets - ending	**$ 1,896,694**	**$ 1,565,879**	**$ 192,892**	**$ 3,655,465**	$ 3,478,995

See accompanying notes.

Combined Statement of Cash Flows
Year ended June 30, 2015

	2015	(Summarized Comparative Information) 2014
Cash flows from operating activities		
Change in net assets	**$ 176,470**	$ 599,459
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**73,112**	71,421
Gain on investment securities	**(94,116)**	(214,240)
Increase in beneficial interest in Keebler Fund	**(364)**	(3,023)
Change in:		
Receivables	**88,742**	(131,902)
Other assets	**(38,989)**	(11,927)
Accounts payable	**40,963**	49,650
Accrued expenses	**38,655**	32,805
Deferred revenue	**94,193**	72,225
Net cash provided by operating activities	**378,666**	464,468
Cash flows from investing activities		
Purchase of property and equipment	**(11,382)**	(37,060)
Purchase of investments	**(205,579)**	(153,185)
Proceeds from sale of investments	**54,260**	21,771
Net cash provided (used) by investing activities	**(162,701)**	(168,474)
Net change in cash	**215,965**	295,994
Cash - beginning	**717,735**	421,741
Cash - ending	**$ 933,700**	$ 717,735

See accompanying notes.

Combined Statement of Functional Expenses
Year ended June 30, 2015

	Child Safety	Comprehensive Emergency Assistance	Counseling	Achievers for Life	Jewish Services	Adoption	General & Admini-strative	Fund-raising	**2015 Total**	(Summarized Comparative Information) 2014
Salaries	$ 2,882,238	$ 92,758	$ 433,749	$ 809,103	$ 225,058	$ 49,781	$ 6,111	$ 139,296	**$ 4,638,094**	$ 4,201,458
Employee benefits	227,652	11,480	34,378	77,592	12,652	2,978	572	7,079	**374,383**	336,674
Payroll taxes and other expenses	281,816	8,713	41,894	73,793	19,258	4,981	539	12,360	**443,354**	434,102
Total payroll related expenses	3,391,706	112,951	510,021	960,488	256,968	57,740	7,222	158,735	**5,455,831**	4,972,234
Professional fees	84,857	987	35,292	19,713	7,064	2,065	5,257	5,539	**160,774**	163,517
Contractual service providers	38,000	28,899	79,450	1,150	-	-	-	-	**147,499**	97,321
Supplies	35,991	1,115	4,962	5,344	3,784	934	87	8,645	**60,862**	60,029
Telephone	60,434	190	5,331	15,313	985	608	69	1,489	**84,419**	82,938
Postage	3,575	182	374	3,474	768	312	19	1,591	**10,295**	12,589
Occupancy	153,006	939	7,225	19,524	4,259	2,176	515	2,419	**190,063**	194,604
Software, equipment and maintenance	37,703	950	7,173	3,570	4,120	2,281	107	2,935	**58,839**	93,963
Printing and publication	-	217	-	-	49	-	-	229	**495**	6,770
Travel	242,055	539	19,952	16,364	15,792	3,409	7	66	**298,184**	285,762
Marketing	-	4	-	-	613	-	-	126,745	**127,362**	90,525
Conference and training expenses	18,404	59	1,898	3,501	1,143	-	97	2,393	**27,495**	31,109
Employment	1,845	-	194	466	420	-	-	164	**3,089**	1,699
Program expenses & supplies	939	-	2,090	26,806	67,874	215	-	-	**97,924**	67,929
Special assistance	312,482	147,680	-	25,422	68,689	7,126	-	-	**561,399**	634,874
Membership dues	8,249	1,256	1,165	2,268	577	187	36	5,109	**18,847**	19,423
Bank fees and interest expense	509	184	326	102	140	17	6	1,356	**2,640**	2,855
Insurance	48,862	2,012	6,411	13,058	4,019	1,336	5,528	1,997	**83,223**	76,904
Other expenses	9,785	1,936	986	2,571	23	-	258	-	**15,559**	8,065
Total expenses before depreciation	4,448,402	300,100	682,850	1,119,134	437,287	78,406	19,208	319,412	**7,404,799**	6,903,110
Depreciation	43,922	2,963	6,742	11,050	4,318	774	190	3,153	**73,112**	71,421
Total expenses	$ 4,492,324	$ 303,063	$ 689,592	$ 1,130,184	$ 441,605	$ 79,180	$ 19,398	$ 322,565	**$ 7,477,911**	$ 6,974,531

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Combined Financial Statements

The financial statements include the combined accounts of Jewish Family & Community Services, Inc. (JFCS, Inc.), JFCS Charities, Inc. and JFCS Realty, Inc., collectively referred to as the "Organization." All of these entities are under the operational control of the Executive Director of the Organization. The accounts of these three organizations have been combined and inter-organization transactions and balances have been eliminated.

Organization

JFCS, Inc. is a nonprofit corporation established in 1917 and incorporated in 1929. It has been a vital part of the Jacksonville Community for nearly 100 years, lending a helping hand to people from all walks of life while remaining true to the mission of helping people help themselves.

JFCS, Inc. provides the Northeast Florida community with client and family-centered services designed to strengthen the skills necessary for self-sufficiency and physical/mental health and well-being. Services include emergency financial assistance and financial assistance case management, an emergency food pantry, mental health counseling, support groups, adoption, community-based prevention services and foster care, programs for at-risk middle school children, life skills education, and senior services. JFCS, Inc. is supported primarily through donor contributions, government and other grants, the United Way, the Jewish Federation of Jacksonville, and Medicaid. JFCS Charities, Inc. and JFCS Realty, Inc. were formed in 2005 for the purpose of providing support services to JFCS, Inc. JFCS, Inc. and JFCS Charities, Inc. are exempt from income taxes under Section 50l(c)(3) of the Internal Revenue Code, qualify for the charitable contribution deduction, and have been classified as organizations that are not private foundations. JFCS Realty, Inc. is exempt from income taxes under Section 501(c)(2) of the Internal Revenue Code and has been classified as an organization that is not a private foundation.

Basis of Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers cash on hand, deposits in banks, certificates of deposit and all highly liquid investments with initial maturities of three months or less to be cash and cash equivalents unless such amounts are restricted or designated for long-term investment.

Investments

Investments are reported at fair value.

Property and Equipment

Property and equipment are stated at cost except for donated equipment, which is stated at fair value at date of receipt. Depreciation is recorded on the straight-line basis over the estimated useful lives ranging from 3 to 30 years. The Organization capitalizes tangible property worth more than $500 and with a useful life in excess of one year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions received are reported as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributed Services

The Corporation recognizes contributed services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Functional Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. The Organization assigns most expenses directly to the benefited function. General, administrative, and marketing expenses are allocated based on the proportions of direct costs of each function.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 14, 2015, the date the financial statements were available to be issued.

Income Taxes

The Organization is exempt from Federal and State taxes under Section 501(c)(3) and 501(c)(2) of the Internal Revenue Code and relevant state tax regulations. As of June 30, 2015, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

NOTE 2 – CASH

The Organization maintains its cash balances at financial institutions located in Jacksonville, Florida. Cash balances in banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Cash balances with a broker-dealer are insured by the Securities Investor Protection Corporation (SIPC) up to $250,000.

NOTE 3 – INVESTMENTS

Investments are comprised of the following:

Greenfield Endowment Fund:		
Money market funds	$	144,402
Mutual funds		1,146,592
Miller Trust Fund:		
Money market funds		66,947
Mutual funds		516,248
Total	$	1,874,189

NOTE 4 – CONTRACTS RECEIVABLE

Contracts receivable consist mainly of amounts due from Family Support Services of North Florida, Inc. and the State of Florida Department of Children and Families. These amounts are considered to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded and the Organization requires no collateral for these receivables.

NOTE 5 – SPLIT-INTEREST AGREEMENTS

M.R. Hirschberg Irrevocable Trust

The Organization is one of ten residual beneficiaries of a charitable remainder annuity trust, the M.R. Hirschberg Irrevocable Trust. The trust pays a level distribution to specified individuals until their death, at which time distributions of the deceased are paid equally to the ten charities named as residual beneficiaries. Upon the death of the last individual beneficiary, the corpus of the trust will be distributed equally to the ten residual beneficiaries. It is estimated that the corpus will grow at 1% per year and will be distributed approximately 5 years after June 30, 2015. The present value of the estimated annual distributions and the final distribution of corpus was computed at a 7% discount rate, and is reported as Contribution Receivable – M.R. Hirschberg Irrevocable Trust.

J. Wayne and Delores Barr Weaver Fund

The Organization has entered into an agreement with a Foundation whereby it is one of a number of other beneficiaries in a split-interest arrangement with the Foundation. The Foundation pays distributions annually to the beneficiaries based solely on the discretion of the Foundation. In accordance with Fund Agreement, the Foundation retains variance power over current and future distributions. Consequently, no value is included in the financial statements to recognize potential future benefits under this agreement. However, included in donations and grants revenue is $36,520 that the Organization received from the foundation for the 2015 fiscal year.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Land	$ 135,016
Buildings	818,894
Furniture & equipment	319,367
Building improvements	97,108
	1,370,385
Accumulated depreciation	(691,309)
Total	$ 679,076

NOTE 7 – BENEFICIAL INTEREST IN KEEBLER FUND

The Organization is the beneficiary of contributions from the Meta Grace Keebler Memorial Endowment Fund held on its behalf by the Jewish Community Foundation of Northeast Florida, Inc. (JCF). Under the terms of the Fund, the Organization has the right to receive all net earnings on the Fund assets for each of the first three years and thereafter is entitled to a distribution of 5% of the Fund average market value at June 30 annually. The fair value of the corpus held at JCF is reported as the beneficial interest and changes are reported as increases or decreases in Other Revenue and Gains.

NOTE 8 – LINE-OF-CREDIT

The Organization has a $300,000 line-of-credit with Bank of America. Advances are payable on demand and accrue interest at a variable rate. Interest on advances is due monthly. The credit line is unsecured. As of June 30, 2015, no balance was outstanding on this line.

NOTE 9 – LONG-TERM DEBT

In April 2002, the Organization received $250,000 from the Jacksonville Housing Commission (formerly the Duval County Housing Finance Authority) to help finance acquisition and construction of a new facility. The Organization signed a note to repay the amount borrowed, however, no interest or principal payments are required provided that the Organization utilizes the property acquired to provide services that facilitate the provision of affordable housing and housing related assistance. Additionally, so long as there is not an uncured Event of Default over the life of the loan, the Note will be forgiven and cancelled by the lender upon the maturity on April 30, 2016.

NOTE 10 – RESTRICTED NET ASSETS

Temporarily Restricted

Hirschberg Trust Receivable – Time restricted until receipt of annual distributions and ultimate payout of principal.	$ 771,217
George Cohen Memorial Endowment – Earnings to fund educational scholarships for college age youth or younger.	3,729
L'Dor V'Dor Endowment Fund – Investment earnings available for charitable purposes of the Organization.	19,188
Total endowments with time restrictions	794,134
FANN – Amounts to be used for the Emergency Food Pantry and other nutritional needs.	73,800
	-
Chai – Amounts to be used to meet the needs of older adults.	1,870
Stein Fund for Children – Amounts to be used for the benefit of children.	15,981
Tsedkah Fund - Amounts to be used for the nutritional, transportation and special needs of adults	2,080
DuBow Family Foundation – Amounts to be used to support various needs of children, families, and seniors.	86,368
Jewish Healing Network – Amounts to be used to pay expenses of program.	2,802
Transportation Fund – Amounts to be used to help subsidize senior transportation rides with Call to Go Program.	1,382
Aging Out – Amounts to be used for basic living necessities for children aging out of the foster care system.	8,184
Dubrow Rainbow of Hope Endowment – Funds to be used for activities or services needed to improve the attitude, outlook and mental health of young males experiencing difficulties transitioning through life.	1,895
Gooding Fund – Amounts to be used to pay expenses of at-risk children to improve the quality of their lives.	27,801
Holiday Gift Giving – Amounts used for the purchase of gifts for needy children and adults.	4,153
Josh Bay Fund – Amounts to help provide for the needs of children.	50
Holland & Knight – Amounts to be used for assistance with Achievers for Life Program or Child Safety Program.	2,560
PJ Library – Amounts for Jewish-content books and music for families raising Jewish children in the community.	9,624
Alexandra Miller Endowment for JHN – Amounts to be used to enhance the Jewish Service Program.	533,195
Total temporarily restricted net assets	$1,565,879

NOTE 10 – RESTRICTED NET ASSETS (CONTINUED)

Permanently Restricted

George Cohen Memorial Endowment – Earnings to fund educational scholarships for college age youth or younger.	$ 17,000
Raela & Norman Moss Endowment – Earnings are designated by the Board to build the L'Dor V'Dor Endowment.	15,000
Beneficial Interest in Keebler Fund – Earnings to be used for services to children.	150,000
Dubrow Rainbow of Hope Endowment – Earnings to be used to fund activities or services needed to improve the attitude, outlook and mental health of young males experiencing difficulties of transitioning through life.	5,426
NCJW Fresh Start (Aging Out) – Established to support teenagers who are aging out of foster care and beginning to live on their own.	5,466
Total permanently restricted net assets	$ 192,892

NOTE 11 – ENDOWMENTS

The Organization's endowment consists of 7 individual funds established for a variety of purposes. Endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. During the 2015 fiscal year, all endowment funds were donor-restricted. As required by generally accepted accounting principles, 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.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the Florida Uniform Prudent Management of Institutional Funds Act as requiring the preservation of the historical 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 the donor-restriction applicable to that fund has expired.

NOTE 11 – ENDOWMENTS (CONTINUED)

Appropriation of Endowment Assets

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 fund
(2) The purposes of the Organization and the donor-restricted endowment fund
(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
(7) The investment policies of the Organization

Expenditures of endowment assets are made in conjunction with the intent of the original donor instrument.

Return Objectives

The primary investment objectives for the Organization's endowment are (1) to achieve long term capital appreciation and (2) the preservation of capital, on an inflation adjusted basis. The Organization expects income annually and therefore will only accept minimal short term volatility in those assets providing short-term income. However, the majority of assets are to be invested for the long term, and volatility in these assets is to be expected and accepted. Based on the investment objectives stated previously, the Organization's long-term goals are as follows:

(1) Grow endowment over time in excess of both withdrawals and inflation
(2) Preserve the endowment
(3) To earn a net investment return at least 4 percent annually in excess of the rate of inflation as measured by the Consumer Price Index (CPI) for the same time period
(4) To reach total asset benchmarks at the end of each year
(5) To create a system of rebalancing assets to mitigate downside volatility and to take advantage of market movements

Risk Parameters

The Organization defines risk in two primary ways: (1) risk of principal loss and (2) risk of declining purchasing power (losing to inflation). The Organization rates its own risk tolerance as moderate. The Organization recognizes that higher returns involve some volatility and has indicated a willingness to tolerate declines in value in any given year. The endowment will be managed in a manner that seeks to minimize principal fluctuations over the established horizon and is consistent with the stated objectives. Financial research has demonstrated that risk is best minimized through diversification of assets (including international investments) and through systematic rebalancing back to target allocations.

NOTE 11 – ENDOWMENTS (CONTINUED)

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 requires the Organization to retain as a fund of perpetual duration. There are no deficiencies of this nature reported in the financial statements as of June 30, 2015.

Change in Endowment Net Assets

For the year ended June 30, 2015, the Organization had the following endowment activities:

	Temporarily Restricted	Permanently Restricted	Total Endowments
Endowment net assets, Beginning of year	$ 805,813	$ 192,892	$ 998,705
Investment return:			
Investment income	35,482	-	35,482
Net depreciation	(11,679)	-	(11,679)
Total investment return	23,803	-	23,803
Contributions	-	-	-
Appropriations of endowment Assets for expenditure	(35,482)	-	(35,482)
Endowment net assets, End of year	$ 794,134	$ 192,892	$ 987,026

NOTE 12 – CONTINGENT LIABILITIES

The Organization receives reimbursement for Medicaid for certain mental health services. Medicaid reimbursement revenues are subject to periodic audit. It is customary for most Medicaid audits to require some amount to be disallowed and repaid. The Organization has established a reserve for such possible future allowances based on a percentage of Medicaid revenues received. This reserve is approximately $25,000 at June 30, 2015, and is reported in Accrued Expenses.

NOTE 13 – RETIREMENT PLAN

The Organization contributes to a profit sharing plan, a non-contributory defined contribution retirement plan for the benefit of substantially all employees. Contributions to the plan are at the discretion of the Board. The plan is a group annuity contract with Mutual of America Life Insurance Company. The Organization contributed $14,015 for the year ended June 30, 2015.

NOTE 14 – FAIR VALUE MEASUREMENTS

The Organization measures fair value on a recurring basis for certain financial instruments. The following tabulation summarizes such measurements. The fair value of the remainder trust is based on the discounted present value of the receivable. The fair value of the beneficial interest in the Keebler fund is based on the fair value of the fund's underlying assets.

		Fair Value Measurements at Reporting Date Using		
Description	06/30/15	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments in mutual funds	$ 1,662,840	$ 1,662,840	$ -	$ -
Contribution receivable - Remainder trust	771,217	-	771,217	-
Beneficial interest in Keebler fund	151,918	-	-	151,918
	$ 2,585,975	$ 1,662,840	$ 771,217	$ 151,918

Changes in the Organization's Level 3 assets are summarized in the following tabulation:

Balance, beginning of year	$ 151,554
Unrealized gain	7,875
Distribution to organization	(7,511)
Balance, end of year	$ 151,918

NOTE 15 – SUMMARIZED COMPARATIVE INFORMATION

The statements of financial position, activities, cash flows and functional expenses include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

NOTE 16 – CONCENTRATION

Revenue for the year ended June 30, 2015 included revenue from one major grantor which accounted for approximately 64% of the Organization's total revenue. Expenses pertaining to this grant accounted for approximately 65% of Organization total expenses.

Supplementary Information

Schedule of Sources and Uses of Grant Funding From the City of Jacksonville
Year ended June 30, 2015

The following schedule is presented to comply with Section 118.202(b) of the Jacksonville Municipal Code.

	2013-2014 Public Service Grant Inception of Grant - (October 1, 2013) Through September 30, 2014- (End of Grant)		2014-2015 Public Service Grant Inception of Grant - (October 1, 2014) Through June 30, 2015		Safe Havens Grant #AD-0396-14 Inception of Grant - (October 1, 2013) Through June 30, 2015	
	Budget	Actual	Budget	Actual	Budget	Actual
Support	$ 18,631	$ 17,947	$ 60,000	$ 31,818	$ 370,830	$ 77,319
Expenses						
Employee Compensation	$ 2,000	$ 2,000	$ 3,399	$ 3,211	$ 233,908	$ 51,291
Taxes and Benefits	568	568	762	571	53,022	5,954
Travel	-	-	-	-	7,200	782
Conferences and Seminars	-	-	-	-	6,000	5,400
Consulting	-	-	-	-	25,500	13,500
Occupancy	120	120	-	-	-	-
Office Expense	1,743	1,136	1,639	-	21,800	392
Security	-	-	-	-	23,400	
Direct Client Expense	14,200	14,123	54,200	28,036	-	-
Total Expense	$ 18,631	$ 17,947	$ 60,000	$ 31,818	$ 370,830	$ 77,319

Schedule of Expenditures of Federal Awards and State Financial Assistance
Year ended June 30, 2015

	CFDA/CSFA Number	Contract Number	Expenditures	Total by Program/Project
Federal awards				
Department of Justice:				
Passed through City of Jacksonville:				
Safe Havens Grant	16.527	AD-0396-14	$ 36,755	$ 36,755
Department of Veterans Affairs:				
Passed through Emergency Services & Homeless Coalition of Jacksonville	64.033	Program No.12-FL-627	18,561	18,561
Department of Health and Human Services:				
Passed through the State of Florida, Department of Children and Families:				
Passed through Managed Access to Child Health, Inc:				
Substance Abuse and Mental Health Services	93.243	SJFS-1112-092913 Wrap	15,037	
Substance Abuse and Mental Health Services	93.243	SJFS-Y4-093014-033115	32,512	
Substance Abuse and Mental Health Services	93.243	SJFS-Y5-01-093014-092915	13,960	61,509
Passed through Family Support Services:				
Temporary Assistance for Needy Families	93.558	CMO 015	237,272	237,272
Promoting Safe and Stable Families	93.556	CMO 015	100,908	100,908
Stephanie Tubbs Jones Child Welfare Services	93.645	CMO 015	102,244	
Stephanie Tubbs Jones Child Welfare Services	93.645	SPE 014	10,383	112,627
Foster Care - Title IV-E	93.658	CMO 015	373,175	373,175
Adoption Assistance - Title IV-E	93.659	CMO 015	98,644	98,644
Child Abuse Prevention and Treatment	93.669	CMO 015	68,984	
Child Abuse Prevention and Treatment	93.669	SPE 014	12,238	81,222
Total expenditures of federal awards			$ 1,120,673	$ 1,120,673
State financial assistance				
Passed through the State of Florida, Department of Children and Families:				
Passed through Family Support Services:				
Out-of-Home Supports	60.074	CMO 015	$ 86,437	
Out-of-Home Supports	60.074	SPE 014	9,049	$ 95,486
In-Home Supports	60.075	CMO 015	466,902	
In-Home Supports	60.075	SPE 014	184,533	651,435
CBC - Sexually Exploited Children	60.138	CMO 015	229	229
Passed through the City of Jacksonville				
Emergency Financial Assistances	75.903	Program JXMS011PSG City Ordinance 2014-466-E	38,403	38,403
Total expenditures of state financial assistance			$ 785,553	$ 785,553

NOTE 1 - BASIS OF PRESENTATION

Awards expended consist of expenses determined in accordance with generally accepted accounting principles and equipment purchases on cost reimbursement contracts and billings on fixed price contracts.

NOTE 2 - SUBRECIPIENTS

The Organization did not provide awards to subrecipients.

Additional Reports

CARR RIGGS & INGRAM
CPAs and Advisors

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Jewish Family & Community Services, Inc. and Affiliates

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Jewish Family & Community Services, Inc. and Affiliates (the "Organization") which comprise the combined statement of financial position as of June 30, 2015, and the related combined statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 14, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

St. Augustine, Florida
October 14, 2015

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

Board of Directors
Jewish Family & Community Services, Inc. and Affiliates

Report on Compliance for Each Major Federal Program and Each Major State Project

We have audited Jewish Family & Community Services, Inc. and Affiliates' (the "Organization") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget OMB Circular A-133 *Compliance Supplement,* and the requirements described in the State Projects Compliance Supplement, that could have a direct and material effect on its major federal program and its major state project for the year ended June 30, 2015. The Organization's major federal program and major state project are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program and state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650 Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.650 Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program and major state project. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on the Major Federal Program and the Major State Project

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and its major state project for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program and the major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and major state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, Rules of Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

St. Augustine, Florida
October 14, 2015

Schedule of Findings and Questioned Costs

Part I – Summary of Auditor's Results

(i) The independent auditor's report on the financial statements expressed an unmodified opinion.

(ii) No significant deficiencies in internal control over financial reporting were reported in the audit.

(iii) No instances of noncompliance considered material to the financial statements were disclosed by the audit.

(iv) No significant deficiencies in internal control over the major federal award program or the major state project were reported in the audit.

(v) The report on compliance with requirements applicable to the major federal award program and the major state project expressed an unmodified opinion.

(vi) The audit disclosed no findings relative to the major federal program or the major state project.

(vii) The Organization's major program/project were:

Federal Program	CFDA Number
Foster Care – Title IV E	93.658

State Project	CSFA Number
In-Home Supports	60.075

(viii) A threshold of $300,000 was used to distinguish between Type A and Type B programs for federal programs and $235,666 was used for state projects.

(ix) The Organization did qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

PART II – FINANCIAL STATEMENT FINDINGS

No matters are reportable.

PART III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reportable.

PART IV – STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters are reportable. Additionally, no other matters are reportable pursuant to Chapter 10.650, Rules of the Auditor General.

Summary Schedule of Prior Audit Findings

There were no audit findings relative to Federal or State awards reported in the Schedule of Findings and Questioned Costs for the year ended June 30, 2014.