2015

Jewish Family & Children's Service

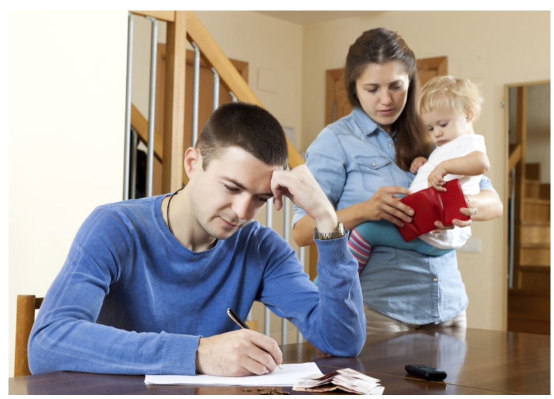
Financial Statements

with Independent Auditor's Report

December 31, 2015

BROWN SMITH WALLACE

A MEASURABLE DIFFERENCE



JEWISH FAMILY & CHILDREN'S SERVICE

Inspiring Families. Inspiring Hope.

Inspired by Jewish tradition, Jewish Family & Children's Service provides quality social services to the Jewish and general communities, empowering people in need to meet the challenges of daily living.

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Independent Auditor's Report

Board of Directors
Jewish Family & Children's Service
St. Louis, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Jewish Family & Children's Service ("JF&CS"), which comprise the statements of financial position as of December 31, 2015 and 2014 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 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 audits 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 JF&CS'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 JF&CS'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 Jewish Family & Children's Service as of December 31, 2015 and 2014 and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 8, 2016, on our consideration of JF&CS'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 JF&CS's internal control over financial reporting and compliance.

Brown Smith Wallace, LLP

St. Louis, Missouri
June 8, 2016

JEWISH FAMILY & CHILDREN'S SERVICE

Statements of Financial Position

December 31, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	**$ 2,525,399**	$ 1,068,973
Accounts receivable, net	**243,002**	212,806
Prepaid expenses	**22,179**	2,906
Investments, at fair value	**3,416,951**	3,569,934
Beneficial interest in perpetual trust	**10,014**	9,144
Unconditional promises to give	**1,725,406**	2,190,295
Property and equipment, net	**3,675,760**	3,638,229
TOTAL ASSETS	**$ 11,618,711**	$ 10,692,287
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	**$ 130,710**	$ 122,632
Accrued expenses	**203,070**	188,701
Homemaker deposits	**8,301**	11,997
Other liabilities	**40,736**	38,966
Deferred revenue	**753,362**	49,071
Total Liabilities	**1,136,179**	411,367
Net Assets		
Unrestricted	**5,806,167**	5,111,466
Temporarily restricted	**3,143,756**	3,673,909
Permanently restricted	**1,532,609**	1,495,545
Total Net Assets	**10,482,532**	10,280,920
TOTAL LIABILITIES AND NET ASSETS	**$ 11,618,711**	$ 10,692,287

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

JEWISH FAMILY & CHILDREN'S SERVICE

Statement of Activities
Year ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Contributions	$ 795,955	$ 197,778	$ 37,064	$ 1,030,797
Special program grants and other	150,105	-	-	150,105
Annie E. Casey Grant	26,585	-	-	26,585
Special event revenue, net of direct expenses of $37,147	215,275	-	-	215,275
United Way of Greater St. Louis	-	772,183	-	772,183
Jewish Federation of St. Louis	432,316	266,943	-	699,259
Associated organizations	75,000	-	-	75,000
Fees for professional services rendered	2,350,676	-	-	2,350,676
Investment return, net	(91,947)	(56,805)	-	(148,752)
In-kind	32,535	-	-	32,535
Other income	12,547	-	-	12,547
Net assets released from restrictions	1,710,252	(1,710,252)	-	-
TOTAL SUPPORT AND REVENUE	5,709,299	(530,153)	37,064	5,216,210
EXPENSES				
Program services:				
Counseling	2,052,537	-	-	2,052,537
Homemaker	572,235	-	-	572,235
Community Chaplaincy	150,607	-	-	150,607
Harvey Kornblum Jewish Food Pantry	793,261	-	-	793,261
Child Abuse Detection and Prevention	181,586	-	-	181,586
Children At Risk	8,969	-	-	8,969
Financial Assistance	264,920	-	-	264,920
Senior Services	177,669	-	-	177,669
Total program services	4,201,784	-	-	4,201,784
Supporting services:				
Management and general	464,767	-	-	464,767
Fundraising	348,047	-	-	348,047
Total supporting services	812,814	-	-	812,814
TOTAL EXPENSES	5,014,598	-	-	5,014,598
CHANGE IN NET ASSETS	694,701	(530,153)	37,064	201,612
Net assets, beginning of year	5,111,466	3,673,909	1,495,545	10,280,920
Net assets, end of year	$ 5,806,167	$ 3,143,756	$ 1,532,609	$ 10,482,532

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

JEWISH FAMILY & CHILDREN'S SERVICE

Statement of Activities
Year ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Contributions	$ 998,202	$ 341,251	$ 25,301	$ 1,364,754
Special program grants and other	30,000	-	-	30,000
Annie E. Casey Grant	-	-	-	-
Special event revenue	-	-	-	-
United Way of Greater St. Louis	-	764,538	-	764,538
Jewish Federation of St. Louis	358,958	305,832	-	664,790
Associated organizations	75,000	-	-	75,000
Fees for professional services rendered	1,750,659	-	-	1,750,659
Investment return	43,246	31,348	-	74,594
In-kind	-	-	-	-
Other income	30,011	-	-	30,011
Net assets released from restrictions	1,467,680	(1,467,680)	-	-
TOTAL SUPPORT AND REVENUE	4,753,756	(24,711)	25,301	4,754,346
EXPENSES				
Program services:				
Counseling	1,769,744	-	-	1,769,744
Homemaker	582,091	-	-	582,091
Community Chaplaincy	131,276	-	-	131,276
Harvey Kornblum Jewish Food Pantry	744,774	-	-	744,774
Child Abuse Detection and Prevention	229,440	-	-	229,440
Financial Assistance	281,641	-	-	281,641
Senior Services	99,880	-	-	99,880
Total program services	3,838,846	-	-	3,838,846
Supporting services:				
Management and general	510,427	-	-	510,427
Fundraising	279,517	-	-	279,517
Total supporting services	789,944	-	-	789,944
TOTAL EXPENSES	4,628,790	-	-	4,628,790
CHANGE IN NET ASSETS	124,966	(24,711)	25,301	125,556
Net assets, beginning of year	4,986,500	3,698,620	1,470,244	10,155,364
Net assets, end of year	$ 5,111,466	$ 3,673,909	$ 1,495,545	$ 10,280,920

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

JEWISH FAMILY & CHILDREN'S SERVICE

Statements of Cash Flows
Years ended December 31, 2015 and 2014

		2015		2014
Cash flows from operating activities:				
Change in net assets	**$**	**201,612**	$	125,556
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation		**156,870**		152,006
Noncash donations		**(29,091)**		-
Provision for net present value on promises to give		**3,619**		(81,871)
Change in value of beneficial interest in trusts		**(870)**		(19)
Gain on disposal of assets		**-**		(500)
Change in allowance for accounts receivable		**-**		13,240
Change in allowance for promises to give		**1,000**		(18,004)
Realized/unrealized loss (gain) on investments		**176,267**		(41,197)
Changes in operating assets:				
Unconditional promises to give		**168,135**		(75,387)
Accounts receivables		**(30,196)**		89,294
Prepaid expenses		**(19,273)**		6,148
Changes in operating liabilities:				
Accounts payable		**8,078**		(53,791)
Accrued expenses		**14,369**		84,700
Homemaker deposits		**(3,696)**		(767)
Other liabilities		**1,770**		(6,284)
Deferred revenue		**704,291**		49,071
Net cash provided by operating activities		**1,352,885**		242,195
Cash flows from investing activities:				
Investment purchases		**(78,063)**		(285,839)
Proceeds from sale of investments		**107,275**		311,400
Reinvestment of interest and dividends		**(52,496)**		(58,480)
Property and equipment purchased		**(165,310)**		(27,519)
Proceeds from sale of property and equipment		**-**		500
Net cash used in investing activities		**(188,594)**		(59,938)
Cash flows from financing activities:				
Cash collected on capital campaign pledges		**292,135**		137,696
Payments on the line of credit		**-**		(78,000)
Net cash provided by financing activities		**292,135**		59,696
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,456,426**		241,953
Cash and cash equivalents, beginning of year		**1,068,973**		827,020
Cash and cash equivalents, end of year	**$**	**2,525,399**	$	1,068,973

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

JEWISH FAMILY & CHILDREN'S SERVICE

Statement of Functional Expenses

Year ended December 31, 2015

	Program Services									Supporting Services		
	Clinical Services	Homemaker	Chaplaincy	Food Pantry	Child Abuse Detection and Prevention	Children At Risk	Financial Assistance	Elderlink	Total	Management and General	Fund-raising	Total Expenses
Salaries	$ 1,148,178	$ 76,441	$ 108,835	$ 333,461	$ 118,630	$ -	$ 80,491	$ 118,352	$ 1,984,388	$ 332,075	$ 216,486	$ 2,532,949
Contracted professionals	278,738	-	-	-	-	-	15,750	-	294,488	-	-	294,488
Benefits	133,938	11,663	9,538	74,555	12,346	-	8,870	22,721	273,631	49,557	25,620	348,808
Taxes	84,041	5,599	7,720	24,435	8,663	-	5,904	8,669	145,031	24,306	15,867	185,204
Total salaries and related expenses	1,644,895	93,703	126,093	432,451	139,639	-	111,015	149,742	2,697,538	405,938	257,973	3,361,449
Assistance to individuals	-	-	-	100,245	-	-	140,864	-	241,109	-	-	241,109
Dues	10,205	610	1,850	4,977	866	-	1,002	838	20,348	2,516	2,743	25,607
Equipment (maintenance / lease)	18,053	1,042	700	16,531	1,424	-	444	1,467	39,661	3,410	2,787	45,858
Insurance	8,149	492	1,068	8,566	698	-	808	675	20,456	2,031	1,366	23,853
Interest	108	7	14	93	10	-	11	9	252	26	18	296
Meetings	1,827	53	192	835	126	-	172	201	3,406	366	3,777	7,549
Miscellaneous	3,448	151	675	7,493	565	-	474	4,800	17,606	766	592	18,964
Occupancy	99,295	5,545	3,725	75,350	7,581	-	2,365	8,338	202,199	18,149	18,231	238,579
Office expense	31,031	2,504	3,188	14,086	3,656	376	2,905	2,596	60,342	4,206	6,648	71,196
Postage and shipping	3,095	198	388	1,784	268	11	293	300	6,337	735	7,064	14,136
Printing/publications	4,229	85	418	2,519	241	-	301	446	8,239	588	12,568	21,395
Professional fees	120,947	457,081	2,967	15,089	1,940	7,975	2,303	2,426	610,728	5,644	23,670	640,042
Professional development	175	260	178	520	-	-	(25)	(25)	1,083	425	-	1,508
Supplies	39,132	-	778	14,111	12,812	-	191	40	67,064	-	179	67,243
Telephone	5,760	332	223	5,080	454	-	142	468	12,459	1,088	889	14,436
Travel - local	4,616	2,550	5,918	30,185	6,764	607	238	670	51,548	7,004	656	59,208
Bad debt	-	4,300	-	-	-	-	-	-	4,300	1,000	-	5,300
Total expenses before depreciation	1,994,965	568,913	148,375	729,915	177,044	8,969	263,503	172,991	4,064,675	453,892	339,161	4,857,728
Depreciation	57,572	3,322	2,232	63,346	4,542	-	1,417	4,678	137,109	10,875	8,886	156,870
Total expenses	$ 2,052,537	$ 572,235	$ 150,607	$ 793,261	$ 181,586	$ 8,969	$ 264,920	$ 177,669	$ 4,201,784	$ 464,767	$ 348,047	$ 5,014,598

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

JEWISH FAMILY & CHILDREN'S SERVICE

Statement of Functional Expenses
Year ended December 31, 2014

	Program Services								Supporting Services		
	Clinical Services	Homemaker	Chaplaincy	Food Pantry	Child Abuse Detection and Prevention	Financial Assistance	Elderlink	Total	Management and General	Fund-raising	Total Expenses
Salaries	$ 1,019,909	$ 79,330	$ 91,317	$ 332,357	$ 139,327	$ 80,507	$ 58,068	$ 1,800,815	$ 322,624	$ 163,590	$ 2,287,029
Contracted professionals	181,239	-	-	2,110	-	8,625	-	191,974	-	-	191,974
Benefits	169,462	11,707	13,010	66,804	31,835	13,167	13,417	319,402	75,589	22,860	417,851
Taxes	73,369	5,705	7,435	23,916	10,055	5,787	4,173	130,440	23,221	11,771	165,432
Total salaries and related expenses	1,443,979	96,742	111,762	425,187	181,217	108,086	75,658	2,442,631	421,434	198,221	3,062,286
Assistance to individuals	-	-	-	82,144	-	160,112	-	242,256	-	-	242,256
Dues	100	-	378	40	20	-	-	538	22,706	450	23,694
Equipment (maintenance / lease)	18,393	1,222	925	19,362	1,778	609	1,143	43,432	4,291	1,355	49,078
Insurance	12,949	860	651	4,254	1,252	429	805	21,200	3,021	1,978	26,199
Interest	-	-	-	-	-	-	-	-	1,967	-	1,967
Meetings	442	-	-	179	169	-	62	852	2,905	2,526	6,283
Miscellaneous	1,454	200	767	7,219	385	298	6,752	17,075	1,339	1,961	20,375
Occupancy	91,044	5,977	4,743	84,196	8,697	3,641	5,593	203,891	20,981	7,634	232,506
Office expense	20,681	1,265	860	2,601	3,882	1,591	3,999	34,879	2,471	9,002	46,352
Postage and shipping	2,538	160	215	653	739	281	129	4,715	650	8,103	13,468
Printing/publications	3,447	113	540	1,388	2,832	186	512	9,018	362	10,774	20,154
Professional fees	73,395	469,343	1,387	8,962	5,872	2,270	455	561,684	5,256	22,174	589,114
Professional development	325	25	35	137	-	25	25	572	304	30	906
Supplies	34,396	552	1,122	21,167	7,772	1,779	213	67,001	1,955	5,044	74,000
Telephone	5,858	388	294	5,496	565	240	363	13,204	1,362	431	14,997
Travel - local	4,900	1,534	4,787	24,419	8,861	245	699	45,445	6,400	1,304	53,149
Bad debt	-	-	-	-	-	-	-	-	-	-	-
Total expenses before depreciation	1,713,901	578,381	128,466	687,404	224,041	279,792	96,408	3,708,393	497,404	270,987	4,476,784
Depreciation	55,843	3,710	2,810	57,370	5,399	1,849	3,472	130,453	13,023	8,530	152,006
Total expenses	$ 1,769,744	$ 582,091	$ 131,276	$ 744,774	$ 229,440	$ 281,641	$ 99,880	$ 3,838,846	$ 510,427	$ 279,517	$ 4,628,790

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

Note A - Nature of Operations

Nature of Activities

Jewish Family & Children's Service ("JF&CS"), a not-for-profit corporation serving the greater St. Louis metropolitan area, provides services on a nonsectarian basis to persons in need of: marriage, family, and child counseling, financial assistance, homemaker services for older adults, and food items to needy families. Counseling services are provided both in problem resolution and prevention modes. Programs include:

- Chaplaincy-spiritual support to enhance the quality of life of Jewish elderly living in out-of-home settings
- Child Abuse Detection and Prevention-early identification of children at risk of abuse and neglect, and education to provide children, parents, and teachers the skills to prevent or lessen harm in the instance of an abusive event
- Clinical Services-psychological interventions for individuals and families to resolve mental health problems
- ElderLink St. Louis-call center for resources for seniors
- Financial Assistance-financial assistance to prevent eviction and utility shutoff
- Harvey Kornblum Jewish Food Pantry-food for those with hunger insecurity
- Homemaker-services to help frail elderly and adults with special needs stay in their home and community
- Children at Risk – providing strategic consulting and technical assistance to child welfare agencies to keep children safe, strengthen the connections between children and their families, and improve children's long-term success. This is a new program established by The Annie E. Casey Foundation and carried out by JF&CS (Note M).

JF&CS's revenue and support are derived primarily from government agencies and public contributions.

Note B - Summary of Significant Accounting Policies

The following summary of significant accounting policies of Jewish Family & Children's Service is presented to assist in the understanding of JF&CS's financial statements. The financial statements and notes are representations of Jewish Family & Children's Service's management, who are responsible for their integrity and objectivity.

Basis of Accounting and Presentation

The financial statements have been prepared using the accrual basis of accounting. Additionally, financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 958-205-05, *Not for Profit Entities* under which JF&CS is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted as follows:

Unrestricted – Those resources over which the Board of Directors has discretionary control. Designated amounts represent those resources that the Board has set aside for a particular purpose.

Temporarily Restricted – Those resources subject to donor-imposed or time restrictions that will be satisfied by actions of JF&CS or the passage of time.

Permanently Restricted – Those resources subject to donor-imposed restrictions that will be maintained permanently by JF&CS.

Revenue Recognition

JF&CS recognizes contributions as support when they are received or unconditionally pledged. Amounts pledged are presented as unconditional promises to give and are stated at the net present value of the amount expected to be collected from outstanding balances. JF&CS provides for an estimated uncollectible amount based on historical experience and industry trends.

Fees for professional services rendered represents the estimated realizable amounts from patients and others for services rendered.

Note B - Summary of Significant Accounting Policies (Continued)

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. JF&CS's policy is to record restricted contributions as unrestricted if the restriction is met within the reporting period.

Unconditional promises to give cash and other assets are accrued at their estimated fair value at the date each promise is received. Gifts are reported as temporarily or permanently restricted support if they are received with a donor's stipulation that limits the use of the donated assets. When a donor's restriction is satisfied, temporarily restricted net assets are released and reported as an increase in unrestricted net assets.

Contributed Services and Contributed Goods

Contributed services are recorded as public support only if they create or enhance non-financial assets, require specialized services, or represent an integral part of JF&CS's programs. Volunteers donated 19,778 and 18,872 hours of time in 2015 and 2014, respectively, to JF&CS's special events and program services. The value of these contributed services is not reflected in the financial statements since these services do not meet the criteria for recognition.

Contributed goods from and to the surrounding community qualify as agency transactions in accordance with the Not-for-Profit Topic of the FASB ASC 958-605-25, *Revenue Recognition*. JF&CS's policy is not to report the receipt or disbursement of these goods in the financial statements.

Cash and Cash Equivalents

JF&CS considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

JF&CS maintains its cash deposits at financial institutions. Balances, at times, may exceed federally insured limits. Management believes no risk of loss existed at December 31, 2015 and 2014.

Note B - Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. JF&CS provides an allowance for doubtful accounts equal to the estimated uncollectible account balances. JF&CS's estimate is based on a review of the current status of accounts receivable. Accounts receivable are presented net of an allowance for doubtful accounts of $13,240 at December 31, 2015 and 2014.

Investments

Investments are stated at fair value. Investment income is recognized when earned.

Fair Value Measurements

Financial assets and liabilities have been disclosed at their respective fair values or measured at the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date on a recurring basis. The financial assets and liabilities are valued using the following fair value hierarchy in order to disclose the measurement of fair value based on three levels of observable or unobservable inputs.

Level 1: Quoted prices (unadjusted) in active markets for identical assets that JF&CS has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the assumptions that market participants would use in pricing the asset, based on the best information available in the circumstances.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Investments in Jewish Federation's investment pool are stated at the fair value of the underlying assets.

Note B - Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

Beneficial interests in trusts are measured at fair value on a recurring basis using significant third party trust valuations and management's estimate of the value of JF&CS's share of the investment.

Management determines the fair value measurement valuation policies and procedures, which are subject to Board assessment and approval. At least annually, management determines if the current valuation techniques used in fair value measurements are still appropriate.

JF&CS recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. There were no transfers between levels for the years ending December 31, 2015 and 2014.

Property and Equipment

Purchased property and equipment is recorded at cost. Donated equipment is recorded at the fair value at the date of the donation. Additions and replacements of $2,500 or more are capitalized in the period placed in service. Maintenance and repairs, which do not improve or extend the lives of the respective assets, are charged against earnings. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets.

Impairment of Long Lived Assets

JF&CS evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long lived assets may warrant revision or that the remaining balance of an asset may not be recoverable. The measurement of possible impairment is based on the ability to recover the balance of assets from expected future operating cash flows on an undiscounted basis. In the opinion of management, no such impairment existed for the years ended December 31, 2015 and 2014.

Deferred Revenue

Grants and fees from professional services are evaluated to determine if the revenue is considered unearned or refundable to the grantor. If such conditions exist, the revenue is deferred until earned and/or until grant agreement requirements are fulfilled.

Note B - Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

JF&CS allocates its expenses on a functional basis among its program and supporting services. Expenses that can be identified with a specific program and supporting service are allocated directly according to their natural expenditure classifications. Other expenses common to several functions are allocated by various statistical bases.

Concentration of Risk

JF&CS's investments are held by the Jewish Federation of St. Louis. Its investments are pooled with other investments controlled by the Jewish Federation and, therefore, are susceptible to any losses incurred by the total assets pooled by the Jewish Federation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.

Income Taxes

JF&CS constitutes a qualified not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and is, therefore, exempt from federal income taxes.

JF&CS has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings, and believes that no provisions for income taxes is necessary at this time to cover any uncertain tax positions.

Subsequent Events

JF&CS has evaluated all subsequent events through June 8, 2016, the date the financial statements were available to be issued.

Note C - Investments

Fair values of assets measured on a recurring basis at December 31, 2015, are as follows:

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pooled investments	$ 3,416,951	$ -	$ 3,416,951	$ -
Beneficial interest in trust	10,014	-	10,014	-
	$ 3,426,965	$ -	$ 3,426,965	$ -

Fair values of assets measured on a recurring basis at December 31, 2014, are as follows:

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pooled investments	$ 3,569,934	$ -	$ 3,569,934	$ -
Beneficial interest in trust	9,144	-	9,144	-
	$ 3,579,078	$ -	$ 3,579,078	$ -

The cost basis of these investments as of December 31, 2015 and 2014 was $3,530,175 and $3,467,174, respectively.

JF&CS reports investment return as increases or decreases in unrestricted net assets, unless the income is donor restricted. Investment income and gains, restricted by the donor, are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the investment income or gains are recognized.

Note C - Investments (Continued)

The following schedule summarizes investment return and its classification in the statements of activities:

	2015	2014
Interest and dividends	**$ 52,496**	$ 58,480
Net realized and unrealized gains (losses)	**(176,267)**	41,197
	(123,771)	99,677
Less investment fees	**(24,981)**	(25,083)
Total investment return	**$ (148,752)**	$ 74,594

Note D - Donor and Board Designated Endowments

JF&CS's endowments consist of approximately 25 individual funds established for a variety of purposes. Their endowments consist of both donor-restricted funds and funds designated by the Board of Directors to function as endowments. 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.

JF&CS has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), adopted into Missouri law in 2009, 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, JF&CS 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 JF&CS in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, JF&CS 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 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 JF&CS, and (7) JF&CS's investment policies.

Note D - Donor and Board Designated Endowments (Continued)

In the absence of donor restrictions, under the terms of JF&CS's governing documents, the Board of Directors has the ability to distribute so much of the original principal of any trust or separate gift, bequest, or fund as the Board of Directors in its sole discretion shall determine. As a result of the ability to distribute the original principal, all contributions not classified as temporarily or permanently restricted are classified as unrestricted net assets for financial statements purposes.

JF&CS has investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. The investment policy establishes an achievable return objective through diversification of asset classes. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, JF&CS 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 diversified asset allocation that places emphasis on fixed income securities and equity-based investments to achieve its long-term return objectives within prudent risk parameters.

JF&CS has a policy of appropriating for distribution an approved percentage of its endowment fund's year-end fair value each year. In 2015 and 2014, the Board of Directors approved up to 4.5% of its endowment fund's year-end fair value for distribution. During 2015 and 2014, 1.1% and 4.5% was distributed, respectively. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effect of inflation. JF&CS expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 6% annually, which is consistent with JF&CS's objective to maintain the purchasing power of the endowment assets, as well as to provide additional real growth through investment return.

Note D - Donor and Board Designated Endowments (Continued)

Endowment net asset composition by type of fund as of December 31:

	2015			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Donor-restricted endowment funds	**$ -**	**$1,421,628**	**$1,523,422**	**$2,945,050**
Board-designated endowment funds	**2,069,128**	**-**	**-**	**2,069,128**
Total funds	**$2,069,128**	**$1,421,628**	**$1,523,422**	**$5,014,178**

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$1,492,174	$1,486,320	$2,978,494
Board-designated endowment funds	2,188,905	-	-	2,188,905
Total funds	$2,188,905	$1,492,174	$1,486,320	$5,167,399

Note D - Donor and Board Designated Endowments (Continued)

Changes in endowment net assets as of December 31:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, December 31, 2013	$2,068,401	$1,495,334	$1,461,019	$5,024,754
Contributions	179,659	34,112	25,301	239,072
Interest and dividends	32,735	24,576	-	57,311
Net realized and unrealized gains	23,884	17,313	-	41,197
Investment fees	(14,542)	(10,541)	-	(25,083)
Amounts appropriated for expenditure	(101,232)	(68,620)	-	(169,852)
Endowment net assets, December 31, 2014	$2,188,905	$1,492,174	$1,486,320	$5,167,399
Contributions	-	3,128	37,102	40,230
Interest and dividends	30,500	20,047	-	50,547
Net realized and unrealized gains	(108,945)	(67,313)	-	(176,258)
Investment fees	(15,441)	(9,540)	-	(24,981
Amounts appropriated for expenditure	(25,891)	(16,868)	-	(42,759)
Endowment net assets, December 31, 2015	$2,069,128	$1,421,628	$1,523,422	$5,014,178

In 2012, the Board of Directors approved a total of $1,250,000 as an internal borrowing from Board designated endowment funds. There is no stated interest rate on this borrowing. A portion of the borrowings, $250,000, was repaid in 2013. Additional payments of $285,502 and $60,975 were paid in 2015 and 2014. The remaining balance of $653,523 is expected to be repaid in 2016.

Note E - Property and Equipment

Property and equipment consists of the following:

	2015	2014
Land	$ 613,657	$ 613,657
Buildings and improvements	3,790,539	3,781,739
Furniture and fixtures	725,716	750,136
	5,129,912	5,145,532
Less accumulated depreciation	(1,454,152)	(1,507,303)
Net book value	$3,675,760	$3,638,229

Note F - Temporarily Restricted Net Assets

Temporarily restricted net assets available for the following purposes:

	2015	2014
Program services	$1,483,047	$1,551,183
Timing restrictions	634,660	1,052,356
Subsequent year's activities:		
United Way allocation	772,183	764,538
Jewish Federation allocation	253,866	305,832
Total temporarily restricted net assets	$3,143,756	$3,673,909

	2015	2014
Net assets released:		
Restricted programs	$ 181,655	$ 249,692
Restricted timing	1,528,597	1,217,988
	$1,710,252	$1,467,680

Note G - Unrestricted Net Assets

The Board of Directors, by voluntary resolutions, designated the unrestricted net assets as follows:

	2015	2014
Endowment purposes	**$2,069,128**	$2,188,905
Undesignated	**3,737,039**	2,922,561
Total unrestricted net assets	**$5,806,167**	$5,111,466

Note H - Permanently Restricted Net Assets

Permanently restricted net assets represent permanently restricted gifts and perpetual endowments established for the benefit of JF&CS. These donor-imposed restrictions stipulated that the original contribution be maintained permanently, but permit JF&CS to expend part or all of the income derived from the donated assets. Amounts considered permanently restricted at December 31, 2015 and 2014 totaled $ 1,532,609 and $1,495,545, respectively.

Note I - Promises to Give

Unconditional promises to give consist of the following:

	2015	2014
Receivable in less than one year	**$1,788,220**	$1,352,296
Receivable in one to five years	**3,805**	900,000
	1,792,025	2,252,296
Less discount and allowance	**66,620**	62,001
Net unconditional promises to give	**$1,725,405**	$2,190,295

Unconditional promises to give with due dates extending beyond one year are discounted using a rate of 3.5% and 3.25% for the years ended December 31, 2015 and 2014, respectively.

Note J - Retirement Plan

JF&CS's defined contribution profit-sharing Plan covers all eligible employees. Contributions are discretionary and determined annually by the Board of Directors. Contributions to the Plan totaled $73,218 and $70,033 in 2015 and 2014, respectively.

Note K - Concentrations

For the years ended December 31, 2015 and 2014, JF&CS received approximately 45% and 40%, respectively, of JF&CS's support from two sources.

Note L - Line of Credit

As of December 31, 2015, JF&CS held a line-of- credit with Pulaski Bank in the amount of $600,000, maturing September 8, 2016 and collateralized by the building located at 10950 Schuetz Road. The interest rate on the agreement was 3.25% for the years ending December 31, 2015 and 2014 with interest payable monthly. There is no outstanding balance at December 31, 2015 and 2014.

Note M - The Annie E. Casey Foundation Grant

Beginning November 1, 2015, JF&CS entered into a grant agreement with The Annie E. Casey Foundation and the Child Welfare Strategy Group. On January 1, 2016, JF&CS entered into an additional grant agreement under the Jim Casey Initiative project. For each program, JF&CS receives funding from the Foundation upfront and uses the funds to pay the wages and travel expenses of various consultants contracted by JF&CS. The consultants are monitored and hired by a contractor of JF&CS who is the spouse of the Assistant Executive Director of Programs of the Organization. As of December 31, 2015, JF&CS has deferred $744,562 in revenue related to the above grants. Total revenue received from the grant for the year ended December 31, 2015 was $292,438. Total payroll and travel expenses paid using grant funds for the year ended December 31, 2015 was $265,853. Net revenue received in 2015 from the grant was $26,585.

Supplemental Information

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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 & Children's Service
St. Louis, Missouri

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 & Children's Service which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 8, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jewish Family & Children's Service'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 JF&CS's internal control. Accordingly, we do not express an opinion on the effectiveness of Jewish Family & Children's Service'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 JF&CS's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficienc*y 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 Jewish Family & Children's Service's financial statements are free of 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 JF&CS'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 JF&CS's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown Smith Wallace, LLP

St. Louis, Missouri
June 8, 2016

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
Jewish Family & Children's Service
St. Louis, Missouri

Report on Compliance for Each Major Federal Program

We have audited Jewish Family & Children's Service's ("JF&CS) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on JF&CS's major federal program for the year ended December 31, 2015. Jewish Family & Children's Service's major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for JF&CS's major federal program 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; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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 occurred. An audit includes examining, on a test basis, evidence about Jewish Family & Children's Service'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. However, our audit does not provide a legal determination of JF&CS's compliance.

Opinion on Each Major Federal Program

In our opinion, Jewish Family & Children's Service 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 for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of Jewish Family & Children's Service 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 Jewish Family & Children’s Service’s internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program 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 to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Jewish Family & Children's Service’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 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 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 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. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified. We did, however, identify potential areas for improvement. We have communicated these matters in a separate advisory letter.

Purpose of this Report

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brown Smith Wallace, LLP

St. Louis, Missouri
June 8, 2016

JEWISH FAMILY & CHILDREN'S SERVICE

Schedule of Expenditures of Federal Awards
Year ended December 31, 2015

Federal Grantor/Pass-through Grantor/ Program Titles	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Food Distribution Cluster:			
United States Department of Agriculture			
Pass - through programs from:			
St. Louis Area Food Bank		5147	
Emergency Food Assistance Program	10.569		$ 863,045
Commodity Supplemental Food Program	10.565		152,350
Total food distribution cluster			1,015,395
Department of Homeland Security			
Direct program:			
Non-Profit Security Program	97.008		75,000
Pass - through program from:			
St. Louis County		547600-011	
Emergency Food and Shelter National Board Program	97.024		20,000
Total Department of Homeland Security			95,000
Total Expenditures of Federal Awards			$ 1,110,395

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Jewish Family & Children's Service under federal programs of the government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported following the accrual basis of accounting. Federal awards primarily consist of food commodities provided to Jewish Family & Children's Service, with the value of these commodities reported on the schedule being determined by the pass-through entity providing the commodities to Jewish Family & Children's Service. No amounts have been reflected in Jewish Family & Children's Service financial statements for the value of these commodities at December 31, 2015.

Note C - Indirect Cost Rate

Jewish Family & Children's Service is the recipient of both monetary and commodity assistance. When appropriate, Jewish Family & Children's Service has elected to use a 10% indirect cost rate allocation.

Summary of Auditor's Results

1. Financial Statements:

    a. Type of auditor's report issued on financial statements: Unmodified

    b. Internal control over financial reporting:

        i. Material weakness identified? No
        ii. Significant deficiencies identified? No

    c. Noncompliance material to financial statements noted? No

2. Federal Awards:

    a. Internal control over major programs:

        i. Material weakness identified? No
        ii. Significant deficiency identified? No

    b. Noncompliance material to financial statements noted? No

    c. The auditor's report on compliance for the major federal award program expresses an unmodified opinion on all major federal programs.

    d. There were no audit findings relative to the major federal award program for Jewish Family & Children's Service noted that are required to be reported in accordance with 2 CFR section 200.516(a).

    e. The programs tested as major program include:

CFDA Number	Name of Federal Program
	Food Distribution Cluster:
10.565	Commodity Supplemental Food Program
10.569	The Emergency Food Assistance Program (Food Commodities)

    f. The threshold used for distinguishing between Type A and B programs was $750,000.

    g. Jewish Family & Children's Service is a low risk auditee for 2015.

Financial Statements

None.

Major Federal Awards Program

None.

JEWISH FAMILY & CHILDREN'S SERVICE

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2015

Financial Statements

2014-01 Special Test and Provisions – Internal Controls Over Inventory of Commodities

Criteria – Jewish Family & Children's Service is responsible for establishing and maintaining internal controls over commodities inventory to ensure adequate accountability related to the commodities inventory. An inventory reconciliation documenting USDA product received, the remaining USDA inventory on hand at month end, and the monthly USDA distributions to clients should be completed timely and provided to management for review on a monthly basis.

Condition – JF&CS experienced transition in the Harvey Kornblum Jewish Food Pantry Manager position during the year ending December 31, 2014. For the period September 1, 2014 through December 31, 2014, the Manager position was open and no other employee completed or reviewed the monthly inventory reconciliation.

Recommendation – We recommend that the Director of Harvey Kornblum Jewish Food Pantry prepare the inventory reconciliation and provide the report to management on a monthly basis. We also recommend that management sign off on the report to denote their review and approval of the report.

Status for items 2014-01:

With the hiring of a new Food Pantry Director, inventories and the related documentation are being performed on a monthly basis and are forwarded to the Director of Finance upon completion.