

Jewish Senior Services of
Toledo, Inc.
and
Supporting Organization

Years Ended
June 30,
2015 and 2014

Combined
Financial
Statements
and
Supplementary
Information

JEWISH SENIOR SERVICES OF TOLEDO, INC. AND SUPPORTING ORGANIZATION

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INDEPENDENT AUDITORS' REPORT

December 7, 2015

Board of Directors
Jewish Senior Services of Toledo, Inc.
and Supporting Organization
Sylvania, Ohio

We have audited the accompanying combined financial statements of **Jewish Senior Services of Toledo, Inc. and Supporting Organization** (collectively, the "Organization") a nonprofit organization, which comprise the combined statements of financial position as of June 30, 2015 and 2014, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

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

Independent Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on auditor judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of **Jewish Senior Services of Toledo, Inc. and Supporting Organization** as of June 30, 2015 and 2014, and the combined changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Lehmann Lobman LLC". The signature is written in a cursive, flowing style.

**JEWISH SENIOR SERVICES OF TOLEDO, INC.
AND SUPPORTING ORGANIZATION**

COMBINED STATEMENTS OF FINANCIAL POSITION

	ASSETS	
	June 30	
	2015	2014
Current assets		
Cash	\$ 127,993	\$ 88,127
Other assets		
Investments	11,773,949	11,867,856
Beneficial interest in perpetual trust	850,498	880,539
	<u>12,648,447</u>	<u>12,829,331</u>
Total assets	<u>\$ 12,752,440</u>	<u>\$ 12,836,522</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable - related party	\$ 43,654	\$ 21,638
Net assets		
Unrestricted	11,858,288	11,934,345
Permanently restricted	850,498	880,539
	<u>12,708,786</u>	<u>12,814,884</u>
Total net assets	<u>12,708,786</u>	<u>12,814,884</u>
Total liabilities and net assets	<u>\$ 12,752,440</u>	<u>\$ 12,836,522</u>

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

**JEWISH SENIOR SERVICES OF TOLEDO, INC.
AND SUPPORTING ORGANIZATION**

COMBINED STATEMENTS OF ACTIVITIES

	Year Ended June 30, 2015			Year Ended June 30, 2014		
	Unrestricted	Permanently Restricted	Total	Unrestricted	Permanently Restricted	Total
Revenues, gains and support						
Dividends and interest	\$ 499,965	\$ -	\$ 499,965	\$ 353,659	\$ -	\$ 353,659
Investment income	41,664	-	41,664	39,781	-	39,781
Change in value of beneficial interest in perpetual trust	-	(30,041)	(30,041)	-	80,505	80,505
Net realized and unrealized (losses) gains on investments	(59,454)	-	(59,454)	1,561,729	-	1,561,729
Total revenues, gains and support	482,175	(30,041)	452,134	1,955,169	80,505	2,035,674
Expenses						
Program services - grants	486,646	-	486,646	489,452	-	489,452
Management and general	71,586	-	71,586	65,034	-	65,034
Total expenses	558,232	-	558,232	554,486	-	554,486
Changes in net assets before transfer	(76,057)	(30,041)	(106,098)	1,400,683	80,505	1,481,188
Funds transfer (Note 4)	-	-	-	99,304	-	99,304
Changes in net assets	(76,057)	(30,041)	(106,098)	1,499,987	80,505	1,580,492
Net assets, beginning of year	11,934,345	880,539	12,814,884	10,434,358	800,034	11,234,392
Net assets, end of year	\$ 11,858,288	\$ 880,498	\$ 12,708,786	\$ 11,934,345	\$ 880,539	\$ 12,814,884

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

**JEWISH SENIOR SERVICES OF TOLEDO, INC.
AND SUPPORTING ORGANIZATION**

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended June 30, 2015			Year Ended June 30, 2014		
	Program Services-Grants	Management and General	Total	Program Services-Grants	Management and General	Total
Grants to related parties	\$ 486,646	\$ -	\$ 486,646	\$ 489,452	\$ -	\$ 489,452
Investment fees	-	13,858	13,858	-	13,270	13,270
Legal and accounting	-	54,850	54,850	-	49,311	49,311
Insurance	-	2,878	2,878	-	1,867	1,867
Other	-	-	-	-	586	586
Total functional expenses	\$ 486,646	\$ 71,586	\$ 558,232	\$ 489,452	\$ 65,034	\$ 554,486

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

**JEWISH SENIOR SERVICES OF TOLEDO, INC.
AND SUPPORTING ORGANIZATION**

COMBINED STATEMENTS OF CASH FLOWS

	Year Ended June 30	
	2015	2014
Cash flows from operating activities		
Changes in net assets	\$ (106,098)	\$ 1,580,492
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Net realized and unrealized losses (gains) on investments	59,454	(1,561,729)
Change in value of beneficial interest in perpetual trust	30,041	(80,505)
Change in accounts payable - related party	22,016	21,638
Net cash provided by (used in) operating activities	5,413	(40,104)
Cash flows from investing activities		
Proceeds from sales of investments	534,369	3,582,612
Purchases of investments	(499,916)	(3,540,049)
Net cash provided by investing activities	34,453	42,563
Net increase in cash	39,866	2,459
Cash, beginning of year	88,127	85,668
Cash, end of year	\$ 127,993	\$ 88,127

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

JEWISH SENIOR SERVICES OF TOLEDO, INC. AND SUPPORTING ORGANIZATION

NOTES TO COMBINED FINANCIAL STATEMENTS

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The combined financial statements include the accounts of Jewish Senior Services of Toledo, Inc. and Jewish Senior Services Supporting Organization (collectively, the "Organization"). These entities have been combined since they are under common control and both have been established to serve cultural, emotional, physical, social and religious needs of principally older Jewish adults, residing in Northwest Ohio and Southeast Michigan in coordination and cooperation with Jewish Federation of Greater Toledo and other service providers, in accordance with the precepts of Judaism.

Basis of Presentation

In accordance with accounting principles generally accepted in the United States of America ("GAAP"), the Organization reports information regarding its financial position and activities according to three classes of net assets:

Net assets are grouped based on categories of restrictions on the uses of funds donated.

Unrestricted: Unrestricted net assets are not restricted by donors, or donor-imposed restrictions have expired.

Temporarily Restricted: Temporarily restricted net assets contain donor-imposed restrictions that permit spending as specified. The restrictions are satisfied by the passage of time, the actions of the Organization or both. As of June 30, 2015 and 2014, the Organization does not have any temporarily restricted net assets.

Permanently Restricted: Permanently restricted net assets contain donor-imposed restrictions that stipulate that resources be maintained permanently, but permit the Organization to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

Use of Estimates

The preparation of combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of revenues and expenses during the year. Accordingly, actual results could differ from those estimates.

Cash

The Organization maintains its deposits in one financial institution, which at times may exceed federally insured limits. Management does not believe the Organization is exposed to any significant interest rate or other financial risk as a result of these deposits.

JEWISH SENIOR SERVICES OF TOLEDO, INC. AND SUPPORTING ORGANIZATION

NOTES TO COMBINED FINANCIAL STATEMENTS

Fair Value Measurements

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3).

A description of each category in the fair value hierarchy is as follows:

Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all-significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates of assumptions that market participants would use in the pricing the asset or liability.

For further discussion on fair value measurements, refer to Note 2 of the combined financial statements.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the combined statements of financial position. Donated investments are recorded at fair value at the date of donation. Net realized and unrealized gains or losses are included in the combined statements of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying combined statements of financial position.

JEWISH SENIOR SERVICES OF TOLEDO, INC. AND SUPPORTING ORGANIZATION

NOTES TO COMBINED FINANCIAL STATEMENTS

Functional Allocation of Expenses

Expenses incurred are allocated to functional classifications by management. Expenses directly related to each function are charged to the appropriate functional classification.

Income Taxes

Jewish Senior Services of Toledo, Inc. and Jewish Senior Services Supporting Organization are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. They are also exempt from state and local income taxes under the laws of the State of Ohio for nonprofit organizations. Accordingly, no provision for federal, state or local income taxes has been recorded in the accompanying combined financial statements.

The federal tax returns of Jewish Senior Services of Toledo, Inc. and Jewish Senior Services Supporting Organization for years 2012 through 2015 are subject to examination by the Internal Revenue Service, which is generally for three years after they were filed. The Organization has evaluated any uncertain tax positions which would impact its nontaxable status and believe there are no uncertain income tax positions of significance that are required to be recorded or disclosed in these combined financial statements.

Subsequent Events

In preparing these combined financial statements, the Organization has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2015, the most recent combined statement of financial position presented herein, through December 7, 2015, the date these combined financial statements were available to be issued. No significant such events or transactions were identified.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures.

Following is a description of the valuation methodologies and key inputs used to measure financial assets recorded at fair value. For financial assets recorded at fair value, the description includes an indication of the level of the fair value hierarchy in which the assets are classified.

The fair values of mutual funds are based on quoted prices in active markets and are classified as Level 1.

**JEWISH SENIOR SERVICES OF TOLEDO, INC.
AND SUPPORTING ORGANIZATION**

NOTES TO COMBINED FINANCIAL STATEMENTS

The Organization classifies the beneficial interest in perpetual trust as Level 3 in the fair value hierarchy. The underlying trust assets cannot be liquidated or redeemed by the Organization. As such, no quoted prices or active market are available for this asset. As a practical expedient, the carrying value of this asset is deemed equal to the Organization's proportionate share of the fair value of the total investments held in the trust.

Assets Recorded at Fair Value on a Recurring Basis

The following tables set forth by level, within the fair value hierarchy, the recorded amount of assets measured at fair value on a recurring basis as of June 30:

2015	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Fixed	\$ 2,666,260	\$ -	\$ -	\$ 2,666,260
International	2,215,189	-	-	2,215,189
Large-cap	4,941,110	-	-	4,941,110
Mid-cap	884,857	-	-	884,857
Real estate	<u>1,066,533</u>	<u>-</u>	<u>-</u>	<u>1,066,533</u>
Total investments	11,773,949	-	-	11,773,949
Beneficial interest in perpetual trust	<u>-</u>	<u>-</u>	<u>850,498</u>	<u>850,498</u>
Total assets at fair value	<u>\$ 11,773,949</u>	<u>\$ -</u>	<u>\$ 850,498</u>	<u>\$ 12,624,447</u>

2014	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Fixed	\$ 2,636,598	\$ -	\$ -	\$ 2,636,598
International	2,318,207	-	-	2,318,207
Large-cap	4,904,894	-	-	4,904,894
Mid-cap	879,435	-	-	879,435
Real estate	<u>1,128,722</u>	<u>-</u>	<u>-</u>	<u>1,128,722</u>
Total investments	11,867,856	-	-	11,867,856
Beneficial interest in perpetual trust	<u>-</u>	<u>-</u>	<u>880,539</u>	<u>880,539</u>
Total assets at fair value	<u>\$ 11,867,856</u>	<u>\$ -</u>	<u>\$ 880,539</u>	<u>\$ 12,748,395</u>

JEWISH SENIOR SERVICES OF TOLEDO, INC. AND SUPPORTING ORGANIZATION

NOTES TO COMBINED FINANCIAL STATEMENTS

The table below provides a summary of changes in the Organization's Level 3 assets, for the years ended June 30, 2015 and 2014.

	Beneficial Interest in Perpetual Trust	
	2015	2014
Balance at beginning of year	\$ 880,539	\$ 800,034
Investment income distributed to the Organization	(41,664)	(39,781)
Net realized and unrealized gains	<u>11,623</u>	<u>120,286</u>
Balance at June 30	<u>\$ 850,498</u>	<u>\$ 880,539</u>

3. BENEFICIAL INTEREST IN PERPETUAL TRUST

The Organization is one of the beneficiaries of a split interest agreement. These funds are permanently restricted by the donor and the Organization is entitled to 10% of the income generated from this trust in perpetuity. Since the trust is irrevocable, the Organization has recorded 10% of the fair value of the trust's assets, as a beneficial interest in perpetual trust and a permanently restricted net asset. The Organization recognized investment income from the trust in the amount of \$41,664 in 2015 and \$39,781 in 2014.

4. RELATED PARTY TRANSACTIONS

The Organization paid Jewish Federation of Greater Toledo ("JFGT") bookkeeping fees of \$48,510 in 2015 and \$42,192 in 2014 which are included within legal and accounting expense on the combined statements of functional expenses.

The Organization paid Jewish Family Services of Toledo, Ohio, Inc. ("JFS") grant allocations amounting to \$471,046 in 2015 and \$439,372 in 2014. The Organization also paid JFS \$11,200 for various programs in 2015 with an additional \$4,400 payable to JFS at year end. In 2014, the Organization paid the JFGT Department of Jewish Program ("JFGT DJP") grant allocations amounting to \$40,000, as well as JFGT \$180, Pelham Manor \$5,000, and JFS \$4,900 for various programs.

The Jewish Senior Services Supporting Organization Board has approved approximately \$506,000 in allocations to JFS to be paid during the fiscal year ending June 30, 2015.

The Toledo Jewish Community Foundation transferred \$99,304 of funds to the Organization in 2014. The funds were donated for the benefit of the Organization. No such transfers were made in 2015.



**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

December 7, 2015

Board of Directors
Jewish Senior Services of Toledo, Inc.
and Supporting Organization
Sylvania, Ohio

We have audited the combined financial statements of **Jewish Senior Services of Toledo, Inc. and Supporting Organization** as of and for the years ended June 30, 2015 and 2014, and have issued our report thereon dated December 7, 2015, which expressed an unmodified opinion on those combined financial statements. Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information, as listed in the table of contents, which is the responsibility of management, is presented for the purposes of additional analysis and is not a required part of the combined financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the combined financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



SUPPLEMENTARY INFORMATION

**JEWISH SENIOR SERVICES OF TOLEDO, INC.
AND SUPPORTING ORGANIZATION**

COMBINING STATEMENTS OF FINANCIAL POSITION

ASSETS	June 30, 2015			June 30, 2014		
	Jewish Senior Services	Supporting Organization	Combined Total	Jewish Senior Services	Supporting Organization	Combined Total
Current assets						
Cash	\$ 39,852	\$ 88,141	\$ 127,993	\$ 22,466	\$ 65,661	\$ 88,127
Other assets						
Investments	-	11,773,949	11,773,949	-	11,867,856	11,867,856
Beneficial interest in perpetual trust	850,498	-	850,498	880,539	-	880,539
Total assets	\$ 890,350	\$ 11,862,090	\$ 12,752,440	\$ 903,005	\$ 11,933,517	\$ 12,836,522
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts payable - related party	\$ 4,400	\$ 39,254	\$ 43,654	\$ 4,900	\$ 16,738	\$ 21,638
Net assets						
Unrestricted	35,452	11,822,836	11,858,288	17,566	11,916,779	11,934,345
Permanently restricted	850,498	-	850,498	880,539	-	880,539
Total net assets	885,950	11,822,836	12,708,786	898,105	11,916,779	12,814,884
Total liabilities and net assets	\$ 890,350	\$ 11,862,090	\$ 12,752,440	\$ 903,005	\$ 11,933,517	\$ 12,836,522

See independent auditors' report on supplementary information.

**JEWISH SENIOR SERVICES OF TOLEDO, INC.
AND SUPPORTING ORGANIZATION**

COMBINING STATEMENTS OF ACTIVITIES

	Year Ended June 30, 2015			Year Ended June 30, 2014		
	Jewish Senior Services	Supporting Organization	Combined Total	Jewish Senior Services	Supporting Organization	Combined Total
Unrestricted net assets						
Revenues, gains and support						
Dividends and interest	\$ 20	\$ 499,945	\$ 499,965	\$ 39	\$ 353,620	\$ 353,659
Investment income	41,664	-	41,664	39,781	-	39,781
Net realized and unrealized (losses) gains on investments	-	(59,454)	(59,454)	-	1,561,729	1,561,729
Total revenues, gains and support	41,684	440,491	482,175	39,820	1,915,349	1,955,169
Expenses						
Program services - grants	15,600	471,046	486,646	10,080	479,372	489,452
Management and general	8,198	63,388	71,586	8,551	56,483	65,034
Total expenses	23,798	534,434	558,232	18,631	535,855	554,486
Changes in unrestricted net assets before transfer	17,886	(93,943)	(76,057)	21,189	1,379,494	1,400,683
Funds transfer	-	-	-	(60,000)	159,304	99,304
Changes in unrestricted net assets	17,886	(93,943)	(76,057)	(38,811)	1,538,798	1,499,987
Permanently restricted net assets						
Change in value of beneficial interest in perpetual trust	(30,041)	-	(30,041)	80,505	-	80,505
Changes in net assets	(12,155)	(93,943)	(106,098)	41,694	1,538,798	1,580,492
Net assets, beginning of year	898,105	11,916,779	12,814,884	856,411	10,377,981	11,234,392
Net assets, end of the year	\$ 885,950	\$ 11,822,836	\$ 12,708,786	\$ 898,105	\$11,916,779	\$ 12,814,884

See independent auditors' report on supplementary information.