

JEWISH FAMILY SERVICE OF SAN DIEGO
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009



Leaf & Cole, LLP
Certified Public Accountants

**JEWISH FAMILY SERVICE OF SAN DIEGO
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

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Independent Auditor's Report

To the Board of Directors
Jewish Family Service of San Diego
8804 Balboa Avenue
San Diego, California 92123

We have audited the accompanying consolidated statements of financial position of Jewish Family Service of San Diego as of June 30, 2010 and 2009, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended. These consolidated financial statements are the responsibility of Jewish Family Service of San Diego's management. Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jewish Family Service of San Diego as of June 30, 2010 and 2009, 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.

Leaf & Cole LLP
San Diego, California
October 20, 2010

JEWISH FAMILY SERVICE OF SAN DIEGO
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009

ASSETS

	<u>2010</u>	<u>2009</u>
<u>Current Assets:</u> (Notes 1, 3 and 4)		
Cash and cash equivalents	\$ 1,862,565	\$ 1,876,176
Accounts receivable, net	659,108	415,871
Grants and contracts receivable	1,820,954	1,153,997
HFLA loans receivable, net	45,599	55,850
Other loans receivable, net	5,705	6,000
Prepaid expenses	49,308	48,517
Unconditional promises to give, net	1,979,813	2,655,863
Total Current Assets	<u>6,423,052</u>	<u>6,212,274</u>
 <u>Noncurrent Assets:</u> (Notes 1, 2, 4, 5, 6, and 7)		
Investments	11,001,714	8,689,919
Unconditional promises to give, net	367,358	1,505,258
Deposits	27,450	33,281
Land, buildings and equipment, net	7,563,147	7,934,180
Bond issuance costs, net	120,455	126,214
Beneficial interests in endowment funds	819,351	754,670
Total Noncurrent Assets	<u>19,899,475</u>	<u>19,043,522</u>
 TOTAL ASSETS	 <u>\$ 26,322,527</u>	 <u>\$ 25,255,796</u>

The accompanying notes are an integral part of the consolidated financial statements.

JEWISH FAMILY SERVICE OF SAN DIEGO
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2010 AND 2009

LIABILITIES AND NET ASSETS

	<u>2010</u>	<u>2009</u>
<u>Current Liabilities:</u> (Note 1)		
Accounts payable	\$ 388,110	\$ 417,173
Accrued expenses	1,900,216	1,520,718
Taxes payable	209,177	16,794
Unearned revenue	419,548	420,784
Current portion of noncurrent liabilities	14,250	50,648
Total Current Liabilities	<u>2,931,301</u>	<u>2,426,117</u>
<u>Noncurrent Liabilities:</u> (Notes 8 and 9)		
Deferred compensation	783,679	684,799
Bonds payable, less current portion	285,750	1,784,352
Total Noncurrent Liabilities	<u>1,069,429</u>	<u>2,469,151</u>
 Total Liabilities	 <u>4,000,730</u>	 <u>4,895,268</u>
<u>Commitments</u> (Note 12)		
<u>Net Assets:</u> (Notes 1, 10 and 11)		
Unrestricted	14,669,772	11,820,354
Temporarily restricted	5,817,674	6,784,023
Permanently restricted	1,834,351	1,756,151
Total Net Assets	<u>22,321,797</u>	<u>20,360,528</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ <u>26,322,527</u>	 \$ <u>25,255,796</u>

The accompanying notes are an integral part of the consolidated financial statements.

**JEWISH FAMILY SERVICE OF SAN DIEGO
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<u>Unrestricted Net Assets:</u>		
<u>Support and Revenues:</u>		
Grants and contracts	\$ 9,488,536	\$ 6,796,976
Contributions	4,251,331	3,400,626
Charitable auto resources fees	4,197,385	3,280,157
Program revenue	592,280	696,705
Fees and other revenue	199,019	208,764
Gain on sale of land, buildings and equipment	2,062	80
Investment income (loss)	625,394	(782,266)
Net assets released from restrictions	1,593,437	3,328,947
Total Support and Revenues	20,949,444	16,929,989
 <u>Expenses:</u>		
<u>Program Services:</u>		
Jewish Family Service of San Diego	13,275,966	11,170,549
Charitable Auto Resources, Inc.	2,161,654	1,768,867
Total Program Services	15,437,620	12,939,416
 <u>Supporting Services:</u>		
General and administrative	738,459	780,967
Fundraising	1,260,360	818,039
Total Supporting Services	1,998,819	1,599,006
Total Expenses	17,436,439	14,538,422
Change in Unrestricted Net Assets Before Income Taxes	3,513,005	2,391,567
Provision for Income Taxes	663,587	463,356
Reclassification of Unrestricted Net Assets (Note 11)	-	102,558
Change in Unrestricted Net Assets	2,849,418	2,030,769

(Continued)

The accompanying notes are an integral part of the consolidated financial statements.

JEWISH FAMILY SERVICE OF SAN DIEGO
CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>Temporarily Restricted Net Assets:</u>		
Contributions	\$ 348,418	\$ 947,130
Investment income (loss)	230,616	(599,542)
Net assets released from restrictions	(1,545,383)	(3,271,471)
Reclassification of Temporarily Restricted Net Assets (Note 11)	<u>-</u>	<u>41,285</u>
Change in Temporarily Restricted Assets	<u>(966,349)</u>	<u>(2,882,598)</u>
<u>Permanently Restricted Net Assets:</u>		
Contributions	16,839	132,428
Investment income (loss)	109,415	(92,711)
Distributions	(48,054)	(57,476)
Reclassification of Permanently Restricted Net Assets (Note 11)	<u>-</u>	<u>(143,843)</u>
Change in Permanently Restricted Net Assets	<u>78,200</u>	<u>(161,602)</u>
Change in Net Assets	1,961,269	(1,013,431)
Net Assets at Beginning of Year	<u>20,360,528</u>	<u>21,373,959</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 22,321,797</u></u>	<u><u>\$ 20,360,528</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

**JEWISH FAMILY SERVICE OF SAN DIEGO
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010**

	Program Services	Supporting Services		Total Supporting Services	Total Jewish Family Service of San Diego	Charitable Auto Resources, Inc.	Eliminations	Total Expenses
		General and Administrative	Fundraising					
<u>Salaries and Related Expenses:</u>								
Salaries and wages	\$ 7,252,169	\$ 434,410	479,068	\$ 913,478	\$ 8,165,647	\$ 1,028,664	\$ -	\$ 9,194,311
Payroll taxes	629,799	34,433	34,774	69,207	699,006	81,964	-	780,970
Employee benefits	823,999	56,655	47,443	104,098	928,097	102,201	-	1,030,298
Total Salaries and Related Expenses	<u>8,705,967</u>	<u>525,498</u>	<u>561,285</u>	<u>1,086,783</u>	<u>9,792,750</u>	<u>1,212,829</u>	<u>-</u>	<u>11,005,579</u>
<u>Nonsalary Related Expenses:</u>								
Advertising and promotion	89,284	788	26,756	27,544	116,828	352,351	(35,900)	433,279
Bad Debts	(1)	11,500	415,290	426,790	426,789	9,316	-	436,105
Bank fees and payroll processing	5,354	31,598	25,921	57,519	62,873	8,613	-	71,486
Conferences and meetings	10,598	5,231	-	5,231	15,829	36,806	-	52,635
Consultants	71,372	12,405	3,570	15,975	87,347	126,181	-	213,528
Contributions	-	-	-	-	-	170,000	(170,000)	-
Depreciation and amortization	354,025	40,604	28,540	69,144	423,169	-	-	423,169
Emergency assistance	857,501	-	-	-	857,501	-	-	857,501
Equipment rental and expense	271,223	11,139	8,106	19,245	290,468	63,310	-	353,778
Fundraising	-	-	47,139	47,139	47,139	-	-	47,139
Holocaust home care	128,002	-	-	-	128,002	-	-	128,002
Insurance	64,875	13,471	878	14,349	79,224	25,741	-	104,965
Interest expense	-	20,021	-	20,021	20,021	-	-	20,021
Legal, accounting and audit	17,615	6,751	893	7,644	25,259	38,942	-	64,201
Membership/subscriptions	13,683	3,637	82	3,719	17,402	-	-	17,402
Miscellaneous	14,914	9,631	811	10,442	25,356	35,366	-	60,722
Office and computer supplies	116,763	5,933	2,554	8,487	125,250	16,855	-	142,105
Postage	26,437	1,430	11,029	12,459	38,896	32,482	-	71,378
Printing	55,769	121	32,583	32,704	88,473	6,109	-	94,582
Professional fees	268,675	5,537	22,772	28,309	296,984	177,512	(177,791)	296,705

(Continued)

The accompanying notes are an integral part of the consolidated financial statements.

**JEWISH FAMILY SERVICE OF SAN DIEGO
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

	Program Services	Supporting Services			Total Supporting Services	Total Jewish Family Service of San Diego	Charitable Auto Resources, Inc.	Eliminations	Total Expenses
		General and Administrative	Fundraising						
<u>Nonsalary Related Expenses: (Continued)</u>									
Program expenses	\$ 914,192	\$ 366	\$ 271	\$ 637	\$ 914,829	\$ -	\$ -	\$ 914,829	
Property and other taxes	221	1,029	-	1,029	1,250	-	-	1,250	
Rent	349,667	1,179	-	1,179	350,846	85,081	-	435,927	
Repairs and maintenance	101,758	4,174	4,262	8,436	110,194	6,089	-	116,283	
Staff development	79,084	9,612	156	9,768	88,852	1,528	-	90,380	
Subcontractor fees	150,321	-	-	-	150,321	-	-	150,321	
Telephone	107,141	5,819	2,125	7,944	115,085	54,053	-	169,138	
Transportation service	82,578	2,568	-	2,568	85,146	1,479	-	86,625	
Travel, entertainment and transportation	310,401	3,907	68,884	72,791	383,192	55,731	-	438,923	
Utilities	108,547	4,510	3,973	8,483	117,030	21,451	-	138,481	
Total Nonsalary Related Expenses	<u>4,569,999</u>	<u>212,961</u>	<u>706,595</u>	<u>919,556</u>	<u>5,489,555</u>	<u>1,324,996</u>	<u>(383,691)</u>	<u>6,430,860</u>	
Total Functional Expenses	13,275,966	738,459	1,267,880	2,006,339	15,282,305	2,537,825	(383,691)	17,436,439	
Less: Intercompany	<u>-</u>	<u>-</u>	<u>(7,520)</u>	<u>(7,520)</u>	<u>(7,520)</u>	<u>(376,171)</u>	<u>383,691</u>	<u>-</u>	
TOTAL EXPENSES	<u>\$ 13,275,966</u>	<u>\$ 738,459</u>	<u>\$ 1,260,360</u>	<u>\$ 1,998,819</u>	<u>\$ 15,274,785</u>	<u>\$ 2,161,654</u>	<u>\$ -</u>	<u>\$ 17,436,439</u>	

The accompanying notes are an integral part of the consolidated financial statements.

**JEWISH FAMILY SERVICE OF SAN DIEGO
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009**

	Supporting Services			Total Supporting Services	Total Jewish Family Service of San Diego			Charitable Auto Resources, Inc.	Eliminations	Total Expenses
	Program Services	General and Administrative	Fundraising		Service of San Diego	Charitable Auto Resources, Inc.	Eliminations			
<u>Salaries and Related Expenses:</u>										
Salaries and wages	\$ 6,117,144	\$ 385,192	459,425	\$ 844,617	\$ 6,961,761	\$ 813,279	\$ -	\$ 7,775,040		
Payroll taxes	505,557	27,432	32,875	60,307	565,864	64,150	-	630,014		
Employee benefits	611,692	57,398	52,838	110,236	721,928	84,204	-	806,132		
Total Salaries and Related Expenses	7,234,393	470,022	545,138	1,015,160	8,249,553	961,633	-	9,211,186		
<u>Nonsalary Related Expenses:</u>										
Advertising and promotion	86,285	82	62,631	62,713	148,998	324,357	(36,000)	437,355		
Bad Debts	-	29,090	-	29,090	29,090	10,128	-	39,218		
Bank fees and payroll processing	3,974	18,680	18,750	37,430	41,404	2,735	-	44,139		
Conferences and meetings	14,116	4,520	-	4,520	18,636	22,111	-	40,747		
Consultants	54,042	8,803	3,260	12,063	66,105	104,739	-	170,844		
Contributions	-	-	-	-	-	120,000	(120,000)	-		
Depreciation and amortization	349,327	48,467	28,229	76,696	426,023	-	-	426,023		
Emergency assistance	890,502	1,342	-	1,342	891,844	-	-	891,844		
Equipment rental and expense	185,818	6,346	18,356	24,702	210,520	35,755	-	246,275		
Fundraising	-	-	16,732	16,732	16,732	-	-	16,732		
Holocaust home care	160,911	-	-	-	160,911	-	-	160,911		
Insurance	64,343	15,361	805	16,166	80,509	30,260	-	110,769		
Interest expense	-	93,296	-	93,296	93,296	-	-	93,296		
Lab fees	29,700	-	-	-	29,700	-	-	29,700		
Legal, accounting and audit	17,516	7,742	1,030	8,772	26,288	18,863	-	45,151		
Membership/subscriptions	8,762	21,157	62	21,219	29,981	-	-	29,981		
Miscellaneous	14,505	12,319	411	12,730	27,235	26,369	-	53,604		
Office and computer supplies	78,413	3,369	3,005	6,374	84,787	11,839	-	96,626		
Postage	26,594	3,037	9,678	12,715	39,309	26,751	-	66,060		
Printing	66,339	1,909	29,692	31,601	97,940	5,679	-	103,619		
Professional fees	232,621	9,406	30,605	40,011	272,632	208,107	(205,623)	275,116		

(Continued)

The accompanying notes are an integral part of the consolidated financial statements.

JEWISH FAMILY SERVICE OF SAN DIEGO
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

	Supporting Services			Total Supporting Services	Total Jewish Family Service of San Diego			Charitable Auto Resources, Inc.	Eliminations	Total Expenses
	Program Services	General and Administrative	Fundraising		Service of San Diego	Eliminations				
<u>Nonsalary Related Expenses: (Continued)</u>										
Program expenses	\$ 613,137	462	230	692	613,829	\$ -	\$ -	\$ -	\$ 613,829	
Property and other taxes	1,327	-	-	-	1,327	-	-	-	1,327	
Rent	284,256	2,144	-	2,144	286,400	72,766	-	-	359,166	
Repairs and maintenance	95,292	3,941	4,246	8,187	103,479	2,451	-	-	105,930	
Staff development	20,328	6,146	740	6,886	27,214	5,223	-	-	32,437	
Subcontractor fees	91,524	-	-	-	91,524	-	-	-	91,524	
Telephone	110,252	4,662	2,729	7,391	117,643	43,885	-	-	161,528	
Temporary help	-	-	-	-	-	9,131	-	-	9,131	
Transportation service	87,642	1,614	1	1,615	89,257	-	-	-	89,257	
Travel, entertainment and transportation	255,057	2,411	44,541	46,952	302,009	59,375	-	-	361,384	
Utilities	93,573	4,639	4,316	8,955	102,528	21,185	-	-	123,713	
Total Nonsalary Related Expenses	<u>3,936,156</u>	<u>310,945</u>	<u>280,049</u>	<u>590,994</u>	<u>4,527,150</u>	<u>1,161,709</u>	<u>(361,623)</u>	<u>5,327,236</u>		
Total Functional Expenses	11,170,549	780,967	825,187	1,606,154	12,776,703	2,123,342	(361,623)	14,538,422		
Less: Intercompany	<u>-</u>	<u>-</u>	<u>(7,148)</u>	<u>(7,148)</u>	<u>(7,148)</u>	<u>(354,475)</u>	<u>361,623</u>	<u>-</u>		
TOTAL EXPENSES	<u>\$ 11,170,549</u>	<u>\$ 780,967</u>	<u>\$ 818,039</u>	<u>\$ 1,599,006</u>	<u>\$ 12,769,555</u>	<u>\$ 1,768,867</u>	<u>\$ -</u>	<u>\$ 14,538,422</u>		

The accompanying notes are an integral part of the consolidated financial statements.

**JEWISH FAMILY SERVICE OF SAN DIEGO
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 1,961,269	\$ (1,013,431)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	423,169	426,023
Gain on sale of land, buildings and equipment	(2,062)	(80)
Donated assets	(5,982)	-
Net realized and unrealized gains and losses on investments	(634,581)	1,655,726
Permanently restricted contributions	(16,839)	(132,428)
Permanently restricted investment income (loss)	(109,415)	92,711
Permanently restricted distributions	48,054	57,476
(Increase) Decrease in:		
Accounts receivable, net	(243,237)	123,214
Grants and contracts receivable	(666,957)	(248,307)
Prepaid expenses	(791)	14,645
Unconditional promises to give, net	1,813,950	2,164,248
Deposits	5,831	(9,029)
Increase (Decrease) in:		
Accounts payable	(29,063)	(5,125)
Accrued expenses	379,498	185,088
Taxes payable	192,383	(118,650)
Unearned revenue	(1,236)	185,507
Deferred compensation	98,880	64,925
Net Cash Provided by Operating Activities	<u>3,212,871</u>	<u>3,442,513</u>
<u>Cash Flows From Investing Activities:</u>		
HFLA loans receivable, net	10,251	(16,610)
Other loans receivable, net	295	41,843
Purchase of investments, net	(1,677,214)	(466,505)
Proceeds from sale of land, buildings and equipment	15,310	475
Purchase of land, buildings and equipment	(53,643)	(41,652)
Change in beneficial interests in endowment funds	(64,681)	28,744
Net Cash Used in Investing Activities	<u>(1,769,682)</u>	<u>(453,705)</u>

(Continued)

The accompanying notes are an integral part of the consolidated financial statements.

**JEWISH FAMILY SERVICE OF SAN DIEGO
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<u>Cash Flows From Financing Activities:</u>		
Repayment on bonds payable	(1,535,000)	(3,000,000)
Permanently restricted contributions	16,839	132,428
Permanently restricted investment income (loss)	109,415	(92,711)
Permanently restricted distributions	(48,054)	(57,476)
Net Cash Used in Financing Activities	<u>(1,456,800)</u>	<u>(3,017,759)</u>
 Net Decrease in Cash and Cash Equivalents	 (13,611)	 (28,951)
 Cash and Cash Equivalents at Beginning of Year	 <u>1,876,176</u>	 <u>1,905,127</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 \$ <u>1,862,565</u>	 \$ <u>1,876,176</u>
 <u>Supplementary Disclosure of Cash Flow Information:</u>		
Interest Paid	\$ <u>3,074</u>	\$ <u>50,656</u>
Taxes Paid	\$ <u>471,204</u>	\$ <u>582,006</u>

The accompanying notes are an integral part of the consolidated financial statements.

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 1 - Organization and Significant Accounting Policies:

Organization

The consolidated financial statements will be referred to as “JFS” and include the accounts of the following entities:

Jewish Family Service of San Diego

Jewish Family Service of San Diego (JFS) is a California Not-For-Profit organization that was founded in 1918 by a consortium of women’s clubs who sought to address the myriad of human needs of the time. Today JFS is a comprehensive social service organization with eleven locations throughout San Diego County and two facilities serving the Coachella Valley along with seven Housing and Urban Development (HUD) apartments. From its early grassroots origins, the agency now serves over 30,000 people annually. The mission of JFS is to strengthen the individual, enhance the family, protect the vulnerable, with human services based on Jewish values.

JFS Foundation, LLC

JFS Foundation, LLC (Foundation) is a California Not-For-Profit organized on March 28, 2006. The Foundation was formed to raise funds for JFS through “The Building on a Tradition of Caring Capital Campaign” with a goal to fund the purchase and renovation of the new headquarters building and endowing a portion of Older Adult Services.

JFS Holdings, LLC

JFS Holdings, LLC (Holdings) is a California Not-For-Profit organized on March 28, 2006. Holdings was formed to acquire and renovate the new headquarters building.

Charitable Auto Resources, Inc.

Charitable Auto Resources, Inc. (CARS) was incorporated in Delaware October 14, 2003 as a For-Profit Corporation. CARS is a service orientated car donation management program based in San Diego, California. CARS accepts car donations in all 50 states and the District of Columbia. CARS is dedicated to helping nonprofit organizations raise funds through successful car donation programs. JFS owns 100% of the outstanding common stock of CARS.

**JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

Note 1 - Organization and Significant Accounting Policies:

Organization (Continued)

JFS operates the following programs:

Counseling and Care Management

A broad base of services are available to the community through the following programs:

- Economics Crisis Recovery
- Information and Referral
- Adoption Alliance of San Diego
- Counseling Services
- Education and Outreach for Jews with Mental Health Concerns
- Handup Youth
- Food Pantry
- Jewish BIGPals for Boys and Girls
- Jewish Healing Center
- Patient Advocate Program
- Military Outreach
- Prins Asylum Program
- Project SARAH (Stop Abusive Relationships At Home)
- Refugee Resettlement and Acculturation
- Supporting Jewish Single Parents
- Community Case Management
- Intensive Psychiatric Case Management
- Long-Term Ombudsman Program for Edgemore Geriatric Hospital
- Disaster Response
- Jewish Employment Network
- JFS Economic Crisis Response Program

Roy's Desert Resource Center

Roy's Desert Resource Center, named in honor of the late Riverside County Supervisor, Roy Wilson, is the first comprehensive homeless center built in the Western Coachella Valley. Located in Palm Springs, the center offers shelter and numerous supportive services to ninety (90) homeless individuals each night. Desert SOS staff members assist clients in regaining their stability in the community, as well as securing safe and affordable housing.

Desert Horizons

Located in the Coachella Valley, Desert Horizons is a scattered-site, transitional living program which places homeless individuals directly from the streets and emergency shelters into transitional housing units with appropriate supportive services. The units consists of seven (7) two and three-bedroom apartments located in Palm Springs, Cathedral City and Desert Hot Springs.

**JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

Note 1 - Organization and Significant Accounting Policies:

Organization (Continued)

HIV Services

The HIV Services Program provides counseling, testing, and early intervention services to participants of County-funded alcohol, drug treatment, and recovery programs. The program provides educational information to more than 7,000 individuals annually in an effort to prevent the spread of HIV infection. In addition, through this program JFS offers a full array of cash management services including a behavior management program. The Talking About Tina support group meets weekly for HIV-positive men who use methamphetamine. The goal is to help participants reduce and eventually stop their drug use.

Parenting, Youth and School-Based Services

A broad base of services are available to families and youth in the community through the following programs:

- CHAMP (Children Are More Protected)
- Foothills High School Teen Parent Program
- Mentoring Mothers
- Peaceful Parenting (0 - 5 years)
- Preschool in the Park
- YAD (Youth Assessment and Development)
- Positive Parenting

Older Adult/Senior Services

A broad base of services are available to older adults through the following Older Adult/Senior Service programs:

- CO-OP (Creating Opportunities for Older Persons)
- Care Management
- Foodmobile
- Information and Referral
- JFS Fix-It Service
- On the Go Transportation Program
- Rides & Smiles
- Russian Jewish Community Services
- Senior Nutrition
- SOS - Serving Older Holocaust Survivors Program
- College Avenue Older Adult Center
- North County Inland Older Adult Center
- University City Older Adult Center
- Volunteer Relations
- Hebrew Free Loan Association

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies

Consolidated Financial Statements

The consolidated financial statements include the accounts of Jewish Family Service of San Diego, JFS Foundation, LLC, JFS Holdings, LLC and Charitable Auto Resources, Inc. All material intercompany transactions have been eliminated in consolidation.

Method of Accounting

The consolidated financial statements of the Corporation have been prepared on the accrual basis of accounting which is in accordance with U.S. generally accepted accounting principles and, accordingly, reflect all significant receivables, payables, and other liabilities.

In June 2009, the Financial Accounting Standards Board (FASB) Accounting Standards Codification (Codification) was issued. The Codification is the source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. The Codification is effective for financials statements issued for interim and annual periods ending after September 15, 2009. The implementation of this standard did not have a material impact on the consolidated financial position and consolidated results of operations.

Financial Statement Presentation

The consolidated financial statements present information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

The FASB has issued reporting standards for endowments of not-for-profit Organizations subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and enhanced disclosures for all endowment funds. The standards provide guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. The standards also require additional disclosures about endowments (both donor-restricted funds and board-designated funds) to enable users of financial statements to understand the net asset classification, net asset composition, changes in net asset composition, spending policies, and related investment policies of its endowment funds.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Risks and Uncertainties

JFS invests in various types of investment securities which 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 such changes could materially affect the amounts reported in the consolidated statement of financial position.

Fair Value Measurements

JFS has adopted the fair value standards for financial assets and liabilities that are required to be measured at fair value on a recurring basis. The Fair Value Measurement standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). These standards do not change existing guidance as to whether or not an instrument is carried at fair value.

JFS's consolidated statements of financial position include the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments - Jewish Community Foundation funds are considered Level 2 assets and are reported at fair value based on the fair value of the underlying assets in the funds as reported by the fund manager, Jewish Community Foundation, since these funds are valued by the fund manager and are not traded in an active market. The State of Israel Bonds are considered Level 2 assets and are reported at the face value of the bonds, which approximates fair value.
- Beneficial interests in endowment funds (Jewish Community Foundation and Comerica Bank) are considered Level 3 assets and are reported at fair value based on the fair value of the underlying assets which approximates the future discounted cash flows.

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable. The allowance for doubtful accounts consists of the following at June 30:

	<u>2010</u>	<u>2009</u>
Accounts receivable	\$ 54,540	\$ 45,299
HFLA loans receivable	5,066	6,206
Other loans receivable	634	667
	\$ 60,240	\$ 52,172

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Contributions

Contributions are recognized when the donor makes a promise to give to JFS that is in substance, unconditional. 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. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Uncollectible unconditional promises to give are recognized on the allowance method based on historical experience and management's evaluation of outstanding unconditional promises to give. The allowance for uncollectible unconditional promises to give is \$667,105 and \$239,588 at June 30, 2010 and 2009, respectively.

Investments

Unrealized gains and losses are included in the consolidated change in net assets. 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.

JFS has an investment committee that has established an investment policy. It is JFS's policy to diversify all investment portfolios. The investment committee reviews and evaluates the risk within the investment portfolios, nevertheless, those portions of the investment portfolios consisting of holdings in equity securities and debt instruments are exposed to market price volatility in the stock and bond markets and are therefore, inherently at risk.

Capitalization and Depreciation

Land, buildings and equipment are recorded at cost. Donations of land, buildings and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long these donated assets must be maintained, JFS reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. JFS reclassifies temporarily restricted net assets to unrestricted net assets at that time. Buildings and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

Buildings and improvements	15 - 31.5 years
Furniture and equipment	5 - 7 years
Equipment	5 - 7 years
Vehicles	5 years

Depreciation aggregated \$417,410 and \$420,265 for the years ended June 30, 2010 and 2009, respectively.

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Capitalization and Depreciation (Continued)

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of land, buildings or equipment, the asset account is reduced by the cost and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

Impairment of Real Estate

JFS reviews its investment in real estate for impairment whenever events and changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted net cash flows expected to be generated by the property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2010 or 2009.

Amortization

Bond issuance costs totaling \$120,455 and \$126,214 net of accumulated amortization of \$23,035 and \$17,276 at June 30, 2010 and 2009, respectively are amortized on the straight-line method based on the term of the related debt. Amortization expense totaled \$5,759 and \$5,758 for the years ended June 30, 2010 and 2009, respectively.

Compensated Absences

Vested and accumulated vacation is recorded as an expense and liability as benefits accrue to employees. The accrued vacation liability totaled \$496,055 and \$418,234 at June 30, 2010 and 2009, respectively and is included in accrued expenses.

Revenue Recognition

Grant and contract revenue are recognized in the period in which the related work is performed in accordance with the terms of the grant or contract. Grants receivable are recorded when revenue earned under a grant or contract exceeds the cash received. Unearned revenue is recorded when cash received under a grant or contract exceeds the revenue earned. Unearned revenue totaled \$419,548 and \$420,784 at June 30, 2010 and 2009, respectively.

Donated Services

JFS utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the consolidated financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services for the years ended June 30, 2010 and 2009, did not meet the requirements above, therefore no amounts were recognized in the consolidated financial statements.

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Allocated Expenses

Expenses by function have been allocated by program and supporting services classifications on the basis of internal records and estimates made by JFS's management.

Income Taxes

JFS, Foundation and Holdings are public charities and are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code.

CARS is a Delaware corporation subject to federal and state income taxes on its net earnings. Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of current taxes totaling \$663,587 and \$463,356 for the years ended June 30, 2010 and 2009, respectively. Income taxes payable totaled \$209,177 and \$16,794 at June 30, 2010 and 2009, respectively.

JFS uses a loss contingencies approach for evaluating uncertain tax positions and continually evaluates changes in tax law and new authoritative rulings.

Concentration of Credit Risk

JFS maintained its cash in bank deposit accounts which, at times, may exceed federally insured limits. JFS has not experienced any losses in such accounts. JFS believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, JFS considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

Subsequent Events

JFS has evaluated subsequent events through October 20, 2010, which is the date the consolidated financial statements are available for issuance, and concluded that there were no events or transactions that needed to be disclosed.

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 2 - Fair Value Measurements:

The following table summarizes assets measured at fair value by classification within the fair value hierarchy as of June 30:

	2010			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2010
Jewish Community Foundation	\$ -	\$ 10,945,714	\$ -	\$ 10,945,714
State of Israel Bonds	-	2,000	-	2,000
Beneficial Interests in Endowment Funds (Note 7)	-	-	819,351	819,351
	<u>\$ -</u>	<u>\$ 10,947,714</u>	<u>\$ 819,351</u>	<u>\$ 11,767,065</u>
	2009			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2009
Jewish Community Foundation	\$ -	\$ 8,687,919	\$ -	\$ 8,687,919
State of Israel Bonds	-	2,000	-	2,000
Beneficial Interests in Endowment Funds (Note7)	-	-	754,670	754,670
	<u>\$ -</u>	<u>\$ 8,689,919</u>	<u>\$ 754,670</u>	<u>\$ 9,444,589</u>

The reconciliation for financial instruments measured at fair value on a recurring basis as significant unobservable inputs (Level 3) are included in the Notes as indicated above.

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 3 - Grants and Contracts Receivable:

Grants and contracts receivable consist of the following at June 30:

	<u>2010</u>	<u>2009</u>
County of San Diego	\$ 642,164	\$ 432,714
Hebrew Immigrant Aid Society	352,134	244,568
CVAG - Coachella Valley Association of Governments	314,234	-
County of Riverside	188,983	127,467
Conference on Jewish Material Claims Against Germany, Inc.	134,729	147,188
Jewish Community Foundation	64,194	59,904
Catholic Charities	31,741	20,343
San Diego Association of Governments	31,181	38,229
United Jewish Federation	18,750	30,000
Social Advocates for Youth	15,167	-
Desert Healthcare District	10,125	-
Grossmont Healthcare District	10,000	15,448
City of Palm Desert	4,809	-
Other grants and contracts	2,743	5,041
City of Palm Springs	-	28,964
JFS of Desert	-	4,131
Total Grants and Contracts Receivable	<u>\$ 1,820,954</u>	<u>\$ 1,153,997</u>

Note 4 - Unconditional Promises to Give:

Unconditional promises to give consist of the following at June 30:

	<u>2010</u>	<u>2009</u>
Receivables due in less than one year	\$ 2,616,638	\$ 2,832,658
Less: Allowance for Uncollectible	<u>(636,825)</u>	<u>(176,795)</u>
Receivables due in less than one year, net	<u>1,979,813</u>	<u>2,655,863</u>
Receivables due in one to five years	440,500	1,767,023
Less: Allowance for Uncollectible	(30,280)	(62,793)
Discount	<u>(42,862)</u>	<u>(198,972)</u>
Receivables due in more than one year, net	<u>367,358</u>	<u>1,505,258</u>
Unconditional Promises to Give, Net	<u>\$ 2,347,171</u>	<u>\$ 4,161,121</u>

The unconditional promises to give have been discounted to their net present value using a discount rate of 1.7% to 6%.

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 5 - Investments:

JFS maintains its investments at Jewish Community Foundation and in State of Israel Bonds. These funds are classified as permanently restricted if the investments must be maintained in perpetuity. The funds held at Jewish Community Foundation are invested in investment pools or are held as cash until invested in an investment pool. The Short Term Pool is a cash equivalent pool that seeks principal preservation by investing in certificates of deposit, securities issued or guaranteed by the U.S. government and other cash equivalents. The Mid Term Pool invests 30% in domestic and international equities, 70% in fixed income and does not include an allocation to alternative investments or real estate. The Long Term Pool invests 65% in domestic and international equities, 30% in fixed income and 5% in real assets consisting of REITS and/or commodities. The Endowment Pool invests 57% in domestic and international equities, 25% in fixed income, 8% in real assets consisting of REITS and/or commodities and 10% in alternative investments consisting of hedge funds of funds. Investments consist of the following at June 30:

	<u>2010</u>	<u>2009</u>
Cash	\$ 54,000	\$ -
Short Term Pool	2,949,109	1,348,037
Mid Term Pool	50,259	478,339
Long Term Pool	7,545,415	6,861,543
Endowment Pool	400,931	-
State of Israel Bonds	2,000	2,000
Total Investments	<u>\$ 11,001,714</u>	<u>\$ 8,689,919</u>

The following schedule summarizes the investment income (loss) and its classification in the consolidated statement of activities for the years ended June 30:

	<u>2010</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest	\$ 196,716	\$ 61,775	\$ -	\$ 258,491
Net realized and unrealized gains	456,490	178,091	114,287	748,868
Investment fees	<u>(27,812)</u>	<u>(9,250)</u>	<u>(4,872)</u>	<u>(41,934)</u>
Total Investment Income	<u>\$ 625,394</u>	<u>\$ 230,616</u>	<u>\$ 109,415</u>	<u>\$ 965,425</u>
	<u>2009</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest	\$ 196,522	\$ 111,508	\$ -	\$ 308,030
Net realized and unrealized losses	(954,532)	(701,194)	(89,833)	(1,745,559)
Investment fees	<u>(24,256)</u>	<u>(9,856)</u>	<u>(2,878)</u>	<u>(36,990)</u>
Total Investment Loss	<u>\$ (782,266)</u>	<u>\$ (599,542)</u>	<u>\$ (92,711)</u>	<u>\$ (1,474,519)</u>

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 6 - Land, Buildings and Equipment:

Land, buildings and equipment consist of the following at June 30:

	<u>2010</u>	<u>2009</u>
Land	\$ 2,023,335	\$ 2,023,335
Buildings and improvements	6,105,644	6,068,659
Furniture and equipment	400,967	435,524
Equipment	476,206	468,048
Vehicles	146,788	158,802
Subtotal	<u>9,152,940</u>	<u>9,154,368</u>
Less: Accumulated depreciation	<u>(1,589,793)</u>	<u>(1,220,188)</u>
Land, Buildings and Equipment, Net	<u>\$ 7,563,147</u>	<u>\$ 7,934,180</u>

Note 7 - Beneficial Interests in Endowment Funds:

JFS has a beneficial interest in endowment funds held at Jewish Community Foundation and Comerica Bank. The funds held at Jewish Community Foundation are invested in the Long Term Pool which invests 65% in domestic and international equities, 30% in fixed income and 5% in real assets consisting of REITS and/or commodities and the Endowment Pool which invests 57% in domestic and international equities, 25% in fixed income, 8% in real assets consisting of REITS and/or commodities and 10% in alternative investments consisting of hedge funds of funds. The funds held at Comerica Bank are invested in a balanced portfolio including cash and cash equivalents, equities and fixed income securities.

The activity in the beneficial interests in endowment funds consisted of the following for the years ended June 30:

	<u>2010</u>	<u>2009</u>
Balance at June 30,	\$ 754,670	\$ 783,414
Contributions	3,320	121,443
Investment gain	109,415	(92,711)
Distributions	<u>(48,054)</u>	<u>(57,476)</u>
Balance at June 30,	<u>\$ 819,351</u>	<u>\$ 754,670</u>

Note 8 - Deferred Compensation:

JFS has a deferred compensation agreement with an executive employee. The plan provides for quarterly contributions to investment accounts held at Jewish Community Foundation set aside for this purpose. Contributions totaled \$144,632 and \$112,132 for the years ended June 30, 2010 and 2009, respectively and are included in employee benefits in the consolidated statements of functional expenses. The deferred compensation liability totaled \$783,679 and \$684,799 at June 30, 2010 and 2009, respectively, and is fully funded at June 30, 2010 and 2009. The asset is included in investments in each Short Term Pool and Mid Term Pool at June 30, 2010 and 2009.

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 9 - Bonds Payable:

	<u>2010</u>	<u>2009</u>
Colorado Educational and Cultural Facilities Authority Variable Rate Demand Revenue Bonds (National Jewish Federation Bond Program) Series C-3 dated May 1, 2006. The bonds bear interest at a variable rate (adjusted daily) which was 1.19% and 1.70% at June 30, 2010 and 2009, respectively. Annual principal payments are required beginning January 1, 2008 and continuing through January 1, 2031. The loan is collateralized by a letter of credit (Note 12).	\$ 300,000	\$ 1,835,000
Less: Current portion	(14,250)	(50,648)
Bonds Payable, Net	<u>\$ 285,750</u>	<u>\$ 1,784,352</u>

Aggregate annual principal payments due on bonds payable are as follows for the years ended June 30:

<u>Years Ended</u> <u>June 30,</u>	
2011	\$ 14,250
2012	14,254
2013	14,257
2014	14,261
2015	14,265
Thereafter	228,713
	<u>\$ 300,000</u>

Note 10 - Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2010</u>	<u>2009</u>
Capital Campaign	\$ 2,070,139	\$ 3,886,482
Grants and Contributions with time and purpose restrictions	3,247,294	2,294,639
Pledges receivable, net	405,591	500,253
Hebrew Free Loan Assistance (HFLA)	94,650	102,649
Total Temporarily Restricted Net Assets	<u>\$ 5,817,674</u>	<u>\$ 6,784,023</u>

Net assets in the amounts of \$1,545,383 and \$3,271,471 were released from donor restrictions by incurring expenses and events satisfying the purpose or time restrictions specified by donors for the years ended June 30, 2010 and 2009, respectively.

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 11 - Endowment Net Assets:

JFS's endowment consists of five individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions. JFS holds and manages the general endowment fund, with the remaining four funds held and managed by others.

JFS Managed Funds:

JFS has interpreted the enacted version of the Uniform Prudent Management of Institutional funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, JFS classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment (2) the original value of subsequent gifts donated to the permanent endowment (3) 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 JFS in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, JFS 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 JFS 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 JFS
7. The investment policies of JFS

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires JFS to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature that are reported in unrestricted net assets were \$95,717 and \$151,632 as of June 30, 2010 and 2009, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred in the investment portfolio.

JFS has adopted investment and spending policies for endowment funds that:

1. Protect the invested assets
2. Preserve spending capacity of the fund income
3. Maintain a diversified portfolio of assets that meet investment return objectives while keeping risk at a minimal level
4. Comply with applicable laws

JFS's endowment funds are invested at Jewish Community Foundation in the Long Term Pool, which invests 65% in domestic and international equities, 30% in fixed income and 5% in real assets consisting of REITS and/or commodities.

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 11 - Endowment Net Assets: (Continued)

JFS's spending policy is to disburse funds available in accordance with donor restrictions to meet the current program needs of JFS.

Beneficial Interests in Endowment Funds:

The beneficial interests in endowment funds are held by Jewish Community Foundation ("JCF") and Comerica Bank (the "Bank") and are managed in accordance with UPMIFA. The investment objectives are to maintain the purchasing power (real value) of the endowment funds. However, from time to time, the fair value of the assets in the endowment fund may fall below the level that the donors require be retained as a fund of perpetual duration. JFS classifies permanently restricted net assets held by JCF and the Bank as:

1. The original value of gifts donated to the fund
2. The original value of JFS funds transferred to the fund
3. The original value of subsequent gifts donated to the fund
4. Investment income and realized and unrealized gains and losses on investments
5. Distributions from the fund in accordance with the spending policy

JCF and the Bank have adopted investment and spending policies for endowment funds that:

1. Protect the invested assets
2. Preserve spending capacity of the fund income
3. Maintain a diversified portfolio of assets that meet investment return objectives while keeping risk at a moderate level
4. Comply with applicable laws

JCF endowment funds are invested in the Long Term Pool which invests 65% in domestic and international equities, 30% in fixed income and 5% in real assets consisting of commodities and the Endowment Pool which invests 57% in domestic and international equities, 25% in fixed income, 8% in real assets consisting of REITS and/or commodities and 10% in alternative investments consisting of hedge funds of funds. The endowment funds held at Comerica Bank are invested in a balanced portfolio including cash and cash equivalents, equities and fixed income securities.

JCF's spending policy is to disburse 5% annually, based upon endowment principal market value. If the market value of the Endowment Principal of any fund, at the end of each month, is less than the initial value of all contributions made to the Endowment Principal, then distributions will be limited to interest and dividends received. Given the recent market declines, many of JCF's endowment fund distributions will be limited. The Bank's spending policy is to distribute 5% annually.

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 11 - Endowment Net Assets: (Continued)

Endowment composition by type of fund as of June 30:

	2010			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Held by JFS:				
General Endowment Fund	\$ (95,717)	\$ -	\$ 1,015,000	\$ 919,283
Beneficial Interest in Endowment Funds:				
Held by Jewish Community Foundation:				
Katzin Endowment Fund	-	-	476,554	476,554
Gotkowitz Endowment Fund	-	-	152,956	152,956
Chortex Endowment Fund	-	-	71,567	71,567
Held by Comerica Bank:				
Schwartz Endowment Fund	-	-	118,274	118,274
Total Endowment Funds	\$ (95,717)	\$ -	\$ 1,834,351	\$ 1,738,634
	2009			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Held by JFS:				
General Endowment Fund	\$ (151,632)	\$ -	\$ 765,000	\$ 613,368
Endowment Unconditional Promises to Give, Net			236,481	236,481
Beneficial Interest in Endowment Funds:				
Held by Jewish Community Foundation:				
Katzin Endowment Fund	-	-	441,322	441,322
Gotkowitz Endowment Fund	-	-	143,509	143,509
Chortex Endowment Fund	-	-	55,601	55,601
Held by Comerica Bank:				
Schwartz Endowment Fund	-	-	114,238	114,238
Total Endowment Funds	\$ (151,632)	\$ -	\$ 1,756,151	\$ 1,604,519

JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 11 - Endowment Net Assets: (Continued)

Changes in endowment net assets for the years ended June 30:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets at June 30, 2008	\$ 41,285	\$ -	\$ 1,917,753	\$ 1,959,038
Net asset reclassification based on change in law	<u>(41,285)</u>	<u>41,285</u>	<u>(143,843)</u>	<u>(143,843)</u>
Endowment Net Assets at June 30, 2008, after reclassification	-	41,285	1,773,910	1,815,195
Net realized and unrealized depreciation	(151,632)	(41,285)	(92,711)	(285,628)
Contributions	-	-	132,428	132,428
Appropriation of endowment assets for expenditure	-	-	(57,476)	(57,476)
Endowment Net Assets at June 30, 2009	<u>(151,632)</u>	<u>-</u>	<u>1,756,151</u>	<u>1,604,519</u>
Net realized and unrealized appreciation	56,996	-	109,415	166,411
Contributions	-	-	16,839	16,839
Appropriation of endowment assets for expenditure	(1,081)	-	(48,054)	(49,135)
Endowment Net Assets at June 30, 2010	<u><u>\$ (95,717)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,834,351</u></u>	<u><u>\$ 1,738,634</u></u>

Note 12 - Commitments:

Retirement Plan

JFS has established a 401(k) retirement plan (the “Plan”) covering all full-time and half-time employees. The Plan allows for employee contributions to the Plan up to the maximum amount allowed by the Internal Revenue Code if they wish beginning on their hire date. JFS may make a discretionary contribution to the Plan on an annual basis. Employees are eligible to participate in JFS’s contribution if they are 21 years of age and have completed 975 hours of service during the Plan year. JFS contributed \$242,262 and \$192,163 to plan for the years ended June 30, 2010 and 2009, respectively.

**JEWISH FAMILY SERVICE OF SAN DIEGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

Note 12 - Commitments: (Continued)

Facility Operating Leases

JFS leases office facilities under lease agreements expiring through July 2013.

The future minimum obligation under these lease agreements are as follows at June 30:

<u>Years Ended June 30,</u>	
2011	\$ 404,414
2012	309,511
2013	251,617
2014	9,094
Total	<u>\$ 974,636</u>

Rent expense for the office facilities totaled \$435,927 and \$359,166 for the years ended June 30, 2010 and 2009, respectively.

Letter of Credit

The bonds payable to the Colorado Educational and Cultural Facilities Authority require JFS to provide an irrevocable Letter of Credit. The Letter of Credit was issued by US Bank in the original amount of the bonds outstanding (\$9,000,000 at June 30, 2010 and 2009). Unreimbursed drawings under the letter of credit for a liquidity drawing will bear interest for the first 90 days at the bank's prime rate (floating) during any three-year period, and thereafter, at the bank's prime rate (floating), plus 2.0% per annum. Other unreimbursed drawings will bear interest at the reimbursement rate from the date of the draw. The Letter of Credit will expire on May 15, 2011 unless it expires earlier or is extended in accordance with its terms. JFS pays a quarterly fee on the Letter of Credit to US Bank. No demands for payment were made on the Letter of Credit as of June 30, 2010.



Leaf & Cole, LLP
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A Partnership of Professional Corporations

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American Institute of Certified Public Accountants
California Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Jewish Family Service of San Diego

We have audited the consolidated financial statements of Jewish Family Service of San Diego as of and for the years ended June 30, 2010 and 2009, and have issued our report thereon dated October 20, 2010, which contained an unqualified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for the purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Leaf & Cole LLP
San Diego, California
October 20, 2010

JEWISH FAMILY SERVICE OF SAN DIEGO
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2010

ASSETS

	Jewish Family Service of <u>San Diego</u>	JFS Foundation, <u>LLC</u>	JFS Holdings, <u>LLC</u>	Charitable Auto <u>Resources, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
<u>Current Assets:</u>						
Cash and cash equivalents	\$ 953,323	\$ 9,368	\$ -	\$ 899,874	\$ -	\$ 1,862,565
Accounts receivable, net	95,346	-	-	563,762	-	659,108
Grants and contracts receivable	1,820,954	-	-	-	-	1,820,954
HFLA loans receivable, net	45,599	-	-	-	-	45,599
Other loans receivable, net	5,705	-	-	-	-	5,705
Prepaid expenses	12,079	-	-	37,229	-	49,308
Unconditional promises to give, net	753,554	1,226,259	-	-	-	1,979,813
Intercompany receivables	190,683	-	-	-	(190,683)	-
Total Current Assets	<u>3,877,243</u>	<u>1,235,627</u>	<u>-</u>	<u>1,500,865</u>	<u>(190,683)</u>	<u>6,423,052</u>
<u>Noncurrent Assets:</u>						
Investments	10,340,042	661,672	-	-	-	11,001,714
Investment in subsidiary	230,802	-	-	-	(230,802)	-
Unconditional promises to give, net	194,518	172,840	-	-	-	367,358
Intercompany receivables	9,304,725	-	-	-	(9,304,725)	-
Deposits	20,706	-	-	6,744	-	27,450
Land, buildings and equipment, net	328,561	-	7,234,586	-	-	7,563,147
Bond issuance costs, net	120,455	-	-	-	-	120,455
Beneficial interests in endowment funds	819,351	-	-	-	-	819,351
Total Noncurrent Assets	<u>21,359,160</u>	<u>834,512</u>	<u>7,234,586</u>	<u>6,744</u>	<u>(9,535,527)</u>	<u>19,899,475</u>
TOTAL ASSETS	<u>\$ 25,236,403</u>	<u>\$ 2,070,139</u>	<u>\$ 7,234,586</u>	<u>\$ 1,507,609</u>	<u>\$ (9,726,210)</u>	<u>\$ 26,322,527</u>

JEWISH FAMILY SERVICE OF SAN DIEGO
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2010

LIABILITIES AND NET ASSETS

	Jewish Family Service of San Diego	JFS Foundation, LLC	JFS Holdings, LLC	Charitable Auto Resources, Inc.	Eliminations	Consolidated
<u>Current Liabilities:</u>						
Accounts payable	\$ 308,327	\$ -	\$ -	\$ 79,783	\$ -	\$ 388,110
Accrued expenses	1,103,052	-	-	797,164	-	1,900,216
Taxes payable	-	-	-	209,177	-	209,177
Intercompany payables	-	-	-	190,683	(190,683)	-
Unearned revenue	419,548	-	-	-	-	419,548
Current portion of noncurrent liabilities	14,250	-	-	-	-	14,250
Total Current Liabilities	<u>1,845,177</u>	<u>-</u>	<u>-</u>	<u>1,276,807</u>	<u>(190,683)</u>	<u>2,931,301</u>
<u>Noncurrent Liabilities:</u>						
Deferred compensation	783,679	-	-	-	-	783,679
Intercompany payables	-	2,070,139	7,234,586	-	(9,304,725)	-
Bonds payable, less current portion above	285,750	-	-	-	-	285,750
Total Noncurrent Liabilities	<u>1,069,429</u>	<u>2,070,139</u>	<u>7,234,586</u>	<u>-</u>	<u>(9,304,725)</u>	<u>1,069,429</u>
Total Liabilities	<u>2,914,606</u>	<u>2,070,139</u>	<u>7,234,586</u>	<u>1,276,807</u>	<u>(9,495,408)</u>	<u>4,000,730</u>
<u>Net Assets:</u>						
Unrestricted	14,669,772	-	-	230,802	(230,802)	14,669,772
Temporarily restricted	5,817,674	-	-	-	-	5,817,674
Permanently restricted	1,834,351	-	-	-	-	1,834,351
Total Net Assets	<u>22,321,797</u>	<u>-</u>	<u>-</u>	<u>230,802</u>	<u>(230,802)</u>	<u>22,321,797</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 25,236,403</u>	<u>\$ 2,070,139</u>	<u>\$ 7,234,586</u>	<u>\$ 1,507,609</u>	<u>\$ (9,726,210)</u>	<u>\$ 26,322,527</u>

**JEWISH FAMILY SERVICE OF SAN DIEGO
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

	Jewish Family Service of <u>San Diego</u>	JFS Foundation, <u>LLC</u>	JFS Holdings, <u>LLC</u>	Charitable Auto <u>Resources, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
Unrestricted Net Assets:						
<u>Support and Revenue:</u>						
Grants and contracts	\$ 9,488,536	\$ -	\$ -	\$ -	\$ -	\$ 9,488,536
Contributions	4,287,231	-	-	-	(35,900)	4,251,331
Charitable auto resources fees	-	-	-	4,197,385	-	4,197,385
Program revenue	932,551	-	-	-	(340,271)	592,280
Fees and other revenue	199,019	-	-	-	-	199,019
Gain on sale of land, buildings and equipment	2,062	-	-	-	-	2,062
Investment income	625,394	-	-	-	-	625,394
Income from subsidiary	1,003,493	-	-	-	(1,003,493)	-
Management fees	-	-	-	7,520	(7,520)	-
Net assets released from restrictions	<u>1,593,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,593,437</u>
Total Support and Revenues	<u>18,131,723</u>	<u>-</u>	<u>-</u>	<u>4,204,905</u>	<u>(1,387,184)</u>	<u>20,949,444</u>
<u>Expenses:</u>						
<u>Program Services:</u>						
Jewish Family Service of San Diego	13,275,966	-	-	-	-	13,275,966
Charitable Auto Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,537,825</u>	<u>(376,171)</u>	<u>2,161,654</u>
Total Program Services	<u>13,275,966</u>	<u>-</u>	<u>-</u>	<u>2,537,825</u>	<u>(376,171)</u>	<u>15,437,620</u>
<u>Supporting Services:</u>						
General and administrative	738,459	-	-	-	-	738,459
Fundraising	<u>1,267,880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,520)</u>	<u>1,260,360</u>
Total Supporting Services	<u>2,006,339</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,520)</u>	<u>1,998,819</u>
Total Expenses	<u>15,282,305</u>	<u>-</u>	<u>-</u>	<u>2,537,825</u>	<u>(383,691)</u>	<u>17,436,439</u>
Change in Unrestricted Net Assets Before Income Taxes	2,849,418	-	-	1,667,080	(1,003,493)	3,513,005

(Continued)

JEWISH FAMILY SERVICE OF SAN DIEGO
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010

	Jewish Family Service of <u>San Diego</u>	JFS Foundation, <u>LLC</u>	JFS Holdings, <u>LLC</u>	Charitable Auto <u>Resources, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
Provision for Income Taxes	\$ -	\$ -	\$ -	\$ 663,587	\$ -	\$ 663,587
Change in Unrestricted Net Assets	2,849,418	-	-	1,003,493	(1,003,493)	2,849,418
<u>Temporarily Restricted Net Assets:</u>						
Contributions	348,418	-	-	-	-	348,418
Investment income	230,616	-	-	-	-	230,616
Net assets released from restrictions	<u>(1,545,383)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,545,383)</u>
Change in Temporarily Restricted Net Assets	<u>(966,349)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(966,349)</u>
<u>Permanently Restricted Net Assets:</u>						
Contributions	16,839	-	-	-	-	16,839
Investment income	109,415	-	-	-	-	109,415
Distributions	<u>(48,054)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(48,054)</u>
Change in Permanently Restricted Net Assets	<u>78,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,200</u>
Change in Net Assets	1,961,269	-	-	1,003,493	(1,003,493)	1,961,269
Net Assets at Beginning of Year	20,360,528	-	-	167,309	(167,309)	20,360,528
Dividends	<u>-</u>	<u>-</u>	<u>-</u>	<u>(940,000)</u>	<u>940,000</u>	<u>-</u>
NET ASSETS AT END OF YEAR	<u>\$ 22,321,797</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 230,802</u>	<u>\$ (230,802)</u>	<u>\$ 22,321,797</u>

JEWISH FAMILY SERVICE OF SAN DIEGO
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2009

ASSETS

	Jewish Family Service of San Diego	JFS Foundation, LLC	JFS Holdings, LLC	Charitable Auto Resources, Inc.	Eliminations	Consolidated
<u>Current Assets:</u>						
Cash and cash equivalents	\$ 799,443	\$ 561,673	\$ -	\$ 515,060	\$ -	\$ 1,876,176
Accounts receivable, net	88,368	-	-	327,503	-	415,871
Grants and contracts receivable	1,153,997	-	-	-	-	1,153,997
HFLA loans receivable, net	55,850	-	-	-	-	55,850
Other loans receivable, net	6,000	-	-	-	-	6,000
Prepaid expenses	19,798	-	-	28,719	-	48,517
Unconditional promises to give, net	785,541	1,870,322	-	-	-	2,655,863
Intercompany receivables	120,000	-	-	73,739	(193,739)	-
Total Current Assets	<u>3,028,997</u>	<u>2,431,995</u>	<u>-</u>	<u>945,021</u>	<u>(193,739)</u>	<u>6,212,274</u>
<u>Noncurrent Assets:</u>						
Investments	8,366,690	323,229	-	-	-	8,689,919
Investment in subsidiary	167,309	-	-	-	(167,309)	-
Unconditional promises to give, net	374,000	1,131,258	-	-	-	1,505,258
Intercompany receivables	11,325,720	-	-	-	(11,325,720)	-
Deposits	26,537	-	-	6,744	-	33,281
Land, buildings and equipment, net	494,942	-	7,439,238	-	-	7,934,180
Bond issuance costs, net	126,214	-	-	-	-	126,214
Beneficial interest in endowment funds	754,670	-	-	-	-	754,670
Total Noncurrent Assets	<u>21,636,082</u>	<u>1,454,487</u>	<u>7,439,238</u>	<u>6,744</u>	<u>(11,493,029)</u>	<u>19,043,522</u>
TOTAL ASSETS	<u>\$ 24,665,079</u>	<u>\$ 3,886,482</u>	<u>\$ 7,439,238</u>	<u>\$ 951,765</u>	<u>\$ (11,686,768)</u>	<u>\$ 25,255,796</u>

JEWISH FAMILY SERVICE OF SAN DIEGO
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2009

LIABILITIES AND NET ASSETS

	Jewish Family Service of San Diego	JFS Foundation, LLC	JFS Holdings, LLC	Charitable Auto Resources, Inc.	Eliminations	Consolidated
<u>Current Liabilities:</u>						
Accounts payable	\$ 277,408	\$ -	\$ -	\$ 139,765	\$ -	\$ 417,173
Accrued expenses	1,012,821	-	-	507,897	-	1,520,718
Taxes payable	-	-	-	16,794	-	16,794
Intercompany payables	73,739	-	-	120,000	(193,739)	-
Unearned revenue	420,784	-	-	-	-	420,784
Current portion of noncurrent liabilities	50,648	-	-	-	-	50,648
Total Current Liabilities	<u>1,835,400</u>	<u>-</u>	<u>-</u>	<u>784,456</u>	<u>(193,739)</u>	<u>2,426,117</u>
<u>Noncurrent Liabilities:</u>						
Deferred compensation	684,799	-	-	-	-	684,799
Intercompany payables	-	3,886,482	7,439,238	-	(11,325,720)	-
Bonds payable, less current portion above	1,784,352	-	-	-	-	1,784,352
Total Noncurrent Liabilities	<u>2,469,151</u>	<u>3,886,482</u>	<u>7,439,238</u>	<u>-</u>	<u>(11,325,720)</u>	<u>2,469,151</u>
 Total Liabilities	 <u>4,304,551</u>	 <u>3,886,482</u>	 <u>7,439,238</u>	 <u>784,456</u>	 <u>(11,519,459)</u>	 <u>4,895,268</u>
<u>Net Assets:</u>						
Unrestricted	11,740,354	-	-	167,309	(87,309)	11,820,354
Temporarily restricted	6,864,023	-	-	-	(80,000)	6,784,023
Permanently restricted	1,756,151	-	-	-	-	1,756,151
Total Net Assets	<u>20,360,528</u>	<u>-</u>	<u>-</u>	<u>167,309</u>	<u>(167,309)</u>	<u>20,360,528</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 24,665,079</u>	 <u>\$ 3,886,482</u>	 <u>\$ 7,439,238</u>	 <u>\$ 951,765</u>	 <u>\$ (11,686,768)</u>	 <u>\$ 25,255,796</u>

**JEWISH FAMILY SERVICE OF SAN DIEGO
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

	Jewish Family Service of San Diego	JFS Foundation, LLC	JFS Holdings, LLC	Charitable Auto Resources, Inc.	Eliminations	Consolidated
Unrestricted Net Assets:						
Support and Revenue:						
Grants and contracts	\$ 6,796,976	\$ -	\$ -	\$ -	\$ -	\$ 6,796,976
Contributions	3,436,626	-	-	-	(36,000)	3,400,626
Charitable auto resources fees	-	-	-	3,280,157	-	3,280,157
Program revenue	895,180	-	-	-	(198,475)	696,705
Fees and other revenue	208,764	-	-	-	-	208,764
Gain on sale of land, buildings and equipment	80	-	-	-	-	80
Investment income (loss)	(785,487)	-	-	3,221	-	(782,266)
Income from subsidiary	703,828	-	-	-	(703,828)	-
Management fees	-	-	-	7,148	(7,148)	-
Net assets released from restrictions	3,408,947	-	-	-	(80,000)	3,328,947
Total Support and Revenues	<u>14,664,914</u>	<u>-</u>	<u>-</u>	<u>3,290,526</u>	<u>(1,025,451)</u>	<u>16,929,989</u>
Expenses:						
Program Services:						
Jewish Family Service of San Diego	11,170,549	-	-	-	-	11,170,549
Charitable Auto Resources	-	-	-	2,123,342	(354,475)	1,768,867
Total Program Services	<u>11,170,549</u>	<u>-</u>	<u>-</u>	<u>2,123,342</u>	<u>(354,475)</u>	<u>12,939,416</u>
Supporting Services:						
General and administrative	780,967	-	-	-	-	780,967
Fundraising	825,187	-	-	-	(7,148)	818,039
Total Supporting Services	<u>1,606,154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,148)</u>	<u>1,599,006</u>
Total Expenses	<u>12,776,703</u>	<u>-</u>	<u>-</u>	<u>2,123,342</u>	<u>(361,623)</u>	<u>14,538,422</u>
Change in Unrestricted Net Assets Before Income Taxes	1,888,211	-	-	1,167,184	(663,828)	2,391,567

(Continued)

JEWISH FAMILY SERVICE OF SAN DIEGO
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

	Jewish Family Service of San Diego	JFS Foundation, LLC	JFS Holdings, LLC	Charitable Auto Resources, Inc.	Eliminations	Consolidated
Provision for Income Taxes	\$ -	\$ -	\$ -	\$ 463,356	\$ -	\$ 463,356
Reclassification of Unrestricted Net Assets (Note 11)	<u>102,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,558</u>
Change in Unrestricted Net Assets	<u>1,990,769</u>	<u>-</u>	<u>-</u>	<u>703,828</u>	<u>(663,828)</u>	<u>2,030,769</u>
<u>Temporarily Restricted Net Assets:</u>						
Contributions	1,067,130	-	-	-	(120,000)	947,130
Investment loss	(599,542)	-	-	-	-	(599,542)
Net assets released from restrictions	(3,351,471)	-	-	-	80,000	(3,271,471)
Reclassification of Temporarily Restricted Net Assets (Note 11)	<u>41,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,285</u>
Change in Temporarily Restricted Net Assets	<u>(2,842,598)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,000)</u>	<u>(2,882,598)</u>
<u>Permanently Restricted Net Assets:</u>						
Contributions	132,428	-	-	-	-	132,428
Investment loss	(92,711)	-	-	-	-	(92,711)
Distributions	(57,476)	-	-	-	-	(57,476)
Reclassification of Permanently Restricted Net Assets (Note 11)	<u>(143,843)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(143,843)</u>
Change in Permanently Restricted Net Assets	<u>(161,602)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(161,602)</u>
Change in Net Assets	(1,013,431)	-	-	703,828	(703,828)	(1,013,431)
Net Assets at Beginning of Year	21,373,959	-	-	138,481	(138,481)	21,373,959
Dividends	<u>-</u>	<u>-</u>	<u>-</u>	<u>(675,000)</u>	<u>675,000</u>	<u>-</u>
NET ASSETS AT END OF YEAR	<u>\$ 20,360,528</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,309</u>	<u>\$ (167,309)</u>	<u>\$ 20,360,528</u>