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INDEPENDENT AUDITORS’ REPORT

The Board of Trustees of the
Jewish Board of Family and Children's Services Inc. & Affiliates

We have audited the accompanying consolidated financial statements of the Jewish Board of Family and Children's Services, Inc. and Affiliates (the “Organization”) which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management’s Responsibility for the Financial Statements

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

Auditors’ Responsibility

Our responsibility is to express an opinion on these 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Jewish Board of Family and Children's Services, Inc. and Affiliates as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.
Other Matter - Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 26 through 29 is presented for 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 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 when considered in relation to the consolidated financial statements as a whole.

New York, NY
December 8, 2015
JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2015 AND 2014

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents (Notes 2C and 16A)</td>
<td>$13,264,132</td>
<td>$4,106,997</td>
</tr>
<tr>
<td>Accounts receivable, net (Notes 2F and 3)</td>
<td>37,393,041</td>
<td>30,699,322</td>
</tr>
<tr>
<td>Contributions receivables, net (Notes 2E, 2F and 4)</td>
<td>2,305,147</td>
<td>3,533,498</td>
</tr>
<tr>
<td>Investments (Notes 2D, 5 and 6)</td>
<td>114,717,952</td>
<td>121,010,085</td>
</tr>
<tr>
<td>Deferred charges and other assets (Notes 2H and 2I)</td>
<td>7,626,880</td>
<td>3,020,124</td>
</tr>
<tr>
<td>Property and equipment, net (Notes 2G and 7)</td>
<td>52,489,730</td>
<td>53,653,923</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$227,796,882</strong></td>
<td><strong>$216,023,949</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts and accrued expenses payable (Notes 2C and 2H)</td>
<td>$7,398,144</td>
<td>$4,470,752</td>
</tr>
<tr>
<td>Accrued salaries and related benefits</td>
<td>6,892,383</td>
<td>5,258,791</td>
</tr>
<tr>
<td>Accrued vacation</td>
<td>5,883,748</td>
<td>6,470,745</td>
</tr>
<tr>
<td>Accrued pension and postretirement benefits (Note 11)</td>
<td>14,539,626</td>
<td>12,728,546</td>
</tr>
<tr>
<td>Other pension liabilities (Notes 12A and 13)</td>
<td>2,657,416</td>
<td>2,686,523</td>
</tr>
<tr>
<td>Deferred rent (Notes 2N and 15A)</td>
<td>2,192,069</td>
<td>2,653,099</td>
</tr>
<tr>
<td>Due to government agencies and deferred revenues (Note 15C)</td>
<td>28,174,905</td>
<td>19,814,875</td>
</tr>
<tr>
<td>Bank lines of credit (Note 10)</td>
<td>15,500,000</td>
<td>8,200,000</td>
</tr>
<tr>
<td>Bonds payable (Note 8)</td>
<td>13,985,000</td>
<td>14,340,000</td>
</tr>
<tr>
<td>Long-term debt (Note 9)</td>
<td>13,567,870</td>
<td>14,618,251</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>110,791,161</strong></td>
<td><strong>91,241,582</strong></td>
</tr>
</tbody>
</table>

COMMITMENTS AND CONTINGENCIES (Note 15)

<table>
<thead>
<tr>
<th>NET ASSETS (Note 2B)</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in property and equipment</td>
<td>24,936,860</td>
<td>24,695,672</td>
</tr>
<tr>
<td>Available for operations</td>
<td>74,029,568</td>
<td>79,637,540</td>
</tr>
<tr>
<td>Total unrestricted</td>
<td>98,966,428</td>
<td>104,333,212</td>
</tr>
<tr>
<td>Temporarily restricted (Note 14)</td>
<td>11,474,084</td>
<td>13,883,946</td>
</tr>
<tr>
<td>Permanently restricted (Note 14)</td>
<td>6,565,209</td>
<td>6,565,209</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td><strong>117,005,721</strong></td>
<td><strong>124,782,367</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTAL LIABILITIES AND NET ASSETS</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$227,796,882</strong></td>
<td><strong>$216,023,949</strong></td>
<td></td>
</tr>
</tbody>
</table>
## JEWISH BOARD OF FAMILY AND CHILDREN’S SERVICES, INC. AND AFFILIATES
### CONSOLIDATED STATEMENTS OF ACTIVITIES
#### YEARS ENDED JUNE 30, 2015 AND 2014

<table>
<thead>
<tr>
<th></th>
<th>Year Ended June 30, 2015</th>
<th></th>
<th>Year Ended June 30, 2014</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unrestricted</td>
<td>Temporarily Restricted</td>
<td>Permanently Restricted</td>
<td>Total</td>
</tr>
<tr>
<td><strong>OPERATING ACTIVITIES (Note 2M):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>REVENUE AND SUPPORT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government support and revenue (Note 2J)</td>
<td>$173,372,463</td>
<td>$ -</td>
<td>$ -</td>
<td>$173,372,463</td>
</tr>
<tr>
<td>Program services fees</td>
<td>18,459,073</td>
<td>-</td>
<td>-</td>
<td>18,459,073</td>
</tr>
<tr>
<td>Contributions (Note 2E)</td>
<td>2,793,444</td>
<td>261,147</td>
<td>-</td>
<td>3,054,591</td>
</tr>
<tr>
<td>Special events (net of direct costs in 2015 of $281,536 and in 2014 of $648,709)</td>
<td>2,144,159</td>
<td>-</td>
<td>-</td>
<td>2,144,159</td>
</tr>
<tr>
<td>United Jewish Appeal-Federation of Jewish Philanthropies of New York, Inc.</td>
<td>6,589,491</td>
<td>-</td>
<td>-</td>
<td>6,589,491</td>
</tr>
<tr>
<td>Donated services (Note 2K)</td>
<td>387,456</td>
<td>-</td>
<td>-</td>
<td>387,456</td>
</tr>
<tr>
<td>Rentals and other income</td>
<td>612,145</td>
<td>-</td>
<td>-</td>
<td>612,145</td>
</tr>
<tr>
<td>Investment income used for operations (Notes 5 and 14)</td>
<td>5,424,289</td>
<td>-</td>
<td>-</td>
<td>5,424,289</td>
</tr>
<tr>
<td>Net assets released from restrictions (Notes 2B and 14)</td>
<td>2,016,017</td>
<td>(2,016,017)</td>
<td>-</td>
<td>(2,016,017)</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING REVENUE AND SUPPORT</strong></td>
<td>211,798,537</td>
<td>(1,754,870)</td>
<td>-</td>
<td>210,043,667</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential</td>
<td>91,914,123</td>
<td>-</td>
<td>-</td>
<td>91,914,123</td>
</tr>
<tr>
<td>Community services</td>
<td>79,748,791</td>
<td>-</td>
<td>-</td>
<td>79,748,791</td>
</tr>
<tr>
<td>Evaluation and education</td>
<td>15,895,494</td>
<td>-</td>
<td>-</td>
<td>15,895,494</td>
</tr>
<tr>
<td>Total Program Services</td>
<td>187,558,408</td>
<td>-</td>
<td>-</td>
<td>187,558,408</td>
</tr>
<tr>
<td>Supporting Services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>20,145,723</td>
<td>-</td>
<td>-</td>
<td>20,145,723</td>
</tr>
<tr>
<td>Public relations</td>
<td>595,348</td>
<td>-</td>
<td>-</td>
<td>595,348</td>
</tr>
<tr>
<td>Fundraising</td>
<td>1,320,210</td>
<td>-</td>
<td>-</td>
<td>1,320,210</td>
</tr>
<tr>
<td>Total Supporting Services</td>
<td>22,061,281</td>
<td>-</td>
<td>-</td>
<td>22,061,281</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td>209,619,689</td>
<td>-</td>
<td>-</td>
<td>209,619,689</td>
</tr>
<tr>
<td><strong>CHANGE IN NET ASSETS FROM OPERATIONS</strong></td>
<td>2,178,848</td>
<td>(1,754,870)</td>
<td>-</td>
<td>423,978</td>
</tr>
<tr>
<td><strong>NON-OPERATING ACTIVITIES (Note 2M):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income (loss) over (under) amounts used for operations (Note 5)</td>
<td>(5,219,616)</td>
<td>(654,992)</td>
<td>-</td>
<td>(5,874,608)</td>
</tr>
<tr>
<td>Write-off unamortized bond issuance costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(452,151)</td>
</tr>
<tr>
<td><strong>TOTAL NON-OPERATING ACTIVITIES</strong></td>
<td>(5,219,616)</td>
<td>(654,992)</td>
<td>-</td>
<td>(5,874,608)</td>
</tr>
<tr>
<td><strong>CHANGE IN NET ASSETS BEFORE PENSION AND POSTRETIREMENT RELATED CHANGES</strong></td>
<td>(3,040,768)</td>
<td>(2,409,822)</td>
<td>-</td>
<td>(5,450,630)</td>
</tr>
<tr>
<td>Pension and postretirement related changes other than net periodic costs (Note 11)</td>
<td>(2,326,016)</td>
<td>-</td>
<td>-</td>
<td>(2,326,016)</td>
</tr>
<tr>
<td><strong>CHANGE IN TOTAL NET ASSETS</strong></td>
<td>(5,366,784)</td>
<td>(2,409,822)</td>
<td>-</td>
<td>(7,776,646)</td>
</tr>
<tr>
<td><strong>NET ASSETS - END OF YEAR</strong></td>
<td>$98,966,428</td>
<td>$11,474,084</td>
<td>$6,565,209</td>
<td>$177,005,721</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
## JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES INC. AND AFFILIATES
### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
#### FOR THE YEAR ENDED JUNE 30, 2015
##### (With Comparative Totals for 2014)

<table>
<thead>
<tr>
<th>Program Services</th>
<th>Residential</th>
<th>Community Services</th>
<th>Education</th>
<th>Total Program Services</th>
<th>Management &amp; General</th>
<th>Public Relations</th>
<th>Fundraising</th>
<th>Total Supporting Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$47,081,851</td>
<td>$43,970,872</td>
<td>$9,249,536</td>
<td>$100,302,259</td>
<td>$8,796,763</td>
<td>$318,422</td>
<td>$610,905</td>
<td>$9,726,060</td>
<td>$110,028,349</td>
</tr>
<tr>
<td>Payroll taxes and benefits (Notes 11, 12 and 13)</td>
<td>14,999,021</td>
<td>14,999,021</td>
<td>3,258,607</td>
<td>34,238,353</td>
<td>3,205,502</td>
<td>103,615</td>
<td>272,730</td>
<td>3,581,847</td>
<td>37,920,200</td>
</tr>
<tr>
<td>Total Personnel Costs</td>
<td>$63,062,576</td>
<td>$58,969,893</td>
<td>$12,508,143</td>
<td>$134,540,612</td>
<td>$12,002,265</td>
<td>422,037</td>
<td>883,635</td>
<td>13,307,937</td>
<td>$147,848,549</td>
</tr>
<tr>
<td>Consulting and professional fees</td>
<td>$1,340,871</td>
<td>$2,803,157</td>
<td>$1,462,870</td>
<td>$5,606,898</td>
<td>$2,908,494</td>
<td>5,578</td>
<td>95,373</td>
<td>3,009,445</td>
<td>8,616,343</td>
</tr>
<tr>
<td>Recruting</td>
<td>58,011</td>
<td>69,154</td>
<td>89,495</td>
<td>216,660</td>
<td>89,585</td>
<td>30,001</td>
<td>52,427</td>
<td>171,013</td>
<td>387,673</td>
</tr>
<tr>
<td>Other contract services</td>
<td>205,428</td>
<td>611,414</td>
<td>24,735</td>
<td>841,577</td>
<td>1,032,243</td>
<td>126,830</td>
<td>2,129</td>
<td>1,161,202</td>
<td>2,002,779</td>
</tr>
<tr>
<td>Supplies</td>
<td>2,491,773</td>
<td>1,026,992</td>
<td>303,430</td>
<td>3,822,195</td>
<td>318,202</td>
<td>1,241</td>
<td>13,130</td>
<td>332,573</td>
<td>4,154,768</td>
</tr>
<tr>
<td>Telephone</td>
<td>266,163</td>
<td>278,811</td>
<td>81,798</td>
<td>626,772</td>
<td>71,335</td>
<td>35</td>
<td>626</td>
<td>71,996</td>
<td>698,768</td>
</tr>
<tr>
<td>Postage and shipping</td>
<td>34,487</td>
<td>29,923</td>
<td>76,473</td>
<td>93,963</td>
<td>3,363</td>
<td>44</td>
<td>44,175</td>
<td>120,544</td>
<td>194,719</td>
</tr>
<tr>
<td>Occupancy (Note 15A)</td>
<td>5,054,948</td>
<td>6,569,994</td>
<td>523,766</td>
<td>12,148,728</td>
<td>1,427,571</td>
<td>969</td>
<td>168,096</td>
<td>1,596,366</td>
<td>14,735,364</td>
</tr>
<tr>
<td>Equipment rental (Note 15A)</td>
<td>175,721</td>
<td>255,874</td>
<td>93,827</td>
<td>525,422</td>
<td>107,507</td>
<td>14</td>
<td>2,474</td>
<td>109,995</td>
<td>635,417</td>
</tr>
<tr>
<td>Vehicle expenses</td>
<td>4,569,994</td>
<td>50,769</td>
<td>-</td>
<td>899,763</td>
<td>23,845</td>
<td>-</td>
<td>23,845</td>
<td>923,608</td>
<td>946,795</td>
</tr>
<tr>
<td>Outside print and artwork</td>
<td>8,942</td>
<td>24,219</td>
<td>5,420</td>
<td>38,581</td>
<td>9,345</td>
<td>1,281</td>
<td>791</td>
<td>49,998</td>
<td>60,805</td>
</tr>
<tr>
<td>Staff travel and other</td>
<td>96,606</td>
<td>260,414</td>
<td>81,170</td>
<td>438,190</td>
<td>56,319</td>
<td>1,265</td>
<td>58,059</td>
<td>496,249</td>
<td>397,306</td>
</tr>
<tr>
<td>Conferences and conventions</td>
<td>49,558</td>
<td>137,125</td>
<td>35,353</td>
<td>222,036</td>
<td>107,455</td>
<td>1,777</td>
<td>3,328</td>
<td>112,560</td>
<td>286,164</td>
</tr>
<tr>
<td>Specific assistance</td>
<td>10,541,155</td>
<td>4,396,588</td>
<td>14,339</td>
<td>14,952,082</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14,952,082</td>
<td>12,012,319</td>
</tr>
<tr>
<td>Membership dues</td>
<td>99,613</td>
<td>245,316</td>
<td>81,170</td>
<td>366,099</td>
<td>56,319</td>
<td>-</td>
<td>390</td>
<td>56,746</td>
<td>423,655</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>1,293,453</td>
<td>388,772</td>
<td>147,121</td>
<td>1,829,346</td>
<td>95,240</td>
<td>11</td>
<td>2,135</td>
<td>97,386</td>
<td>1,926,732</td>
</tr>
<tr>
<td>Food and entertainment</td>
<td>-</td>
<td>33,355</td>
<td>28,911</td>
<td>62,266</td>
<td>5,674</td>
<td>-</td>
<td>48,572</td>
<td>54,246</td>
<td>116,512</td>
</tr>
<tr>
<td>Facility tax assessment (Note 2J)</td>
<td>1,068,625</td>
<td>-</td>
<td>98,736</td>
<td>2,523,064</td>
<td>155,586</td>
<td>3,803</td>
<td>9,555</td>
<td>168,944</td>
<td>2,692,008</td>
</tr>
<tr>
<td>Insurance</td>
<td>1,670,365</td>
<td>753,963</td>
<td>98,736</td>
<td>2,523,064</td>
<td>155,586</td>
<td>3,803</td>
<td>9,555</td>
<td>168,944</td>
<td>2,692,008</td>
</tr>
<tr>
<td>Interest</td>
<td>676,661</td>
<td>145,006</td>
<td>20,526</td>
<td>842,193</td>
<td>175,841</td>
<td>-</td>
<td>-</td>
<td>175,841</td>
<td>1,018,034</td>
</tr>
<tr>
<td>Depreciation and amortization (Note 7)</td>
<td>2,435,401</td>
<td>1,321,188</td>
<td>341,340</td>
<td>4,097,929</td>
<td>1,131,278</td>
<td>73</td>
<td>12,513</td>
<td>1,143,864</td>
<td>5,241,793</td>
</tr>
<tr>
<td>Amortization of deferred financing costs (Note 2I)</td>
<td>66,338</td>
<td>26,860</td>
<td>-</td>
<td>93,198</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>93,198</td>
<td>99,174</td>
</tr>
<tr>
<td>Bad debt</td>
<td>309,551</td>
<td>1,277,249</td>
<td>-</td>
<td>1,586,800</td>
<td>156,797</td>
<td>-</td>
<td>-</td>
<td>156,797</td>
<td>1,743,597</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>58,883</td>
<td>72,755</td>
<td>451</td>
<td>132,089</td>
<td>175,822</td>
<td>-</td>
<td>778</td>
<td>156,797</td>
<td>328,757</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>$91,914,123</strong></td>
<td><strong>$79,748,791</strong></td>
<td><strong>$15,896,494</strong></td>
<td><strong>$187,558,408</strong></td>
<td><strong>$20,145,723</strong></td>
<td><strong>$565,348</strong></td>
<td><strong>$1,320,210</strong></td>
<td><strong>$22,061,281</strong></td>
<td><strong>$209,819,689</strong></td>
</tr>
</tbody>
</table>
## Evaluation and Total Program Management

<table>
<thead>
<tr>
<th>Program Services</th>
<th>Residential</th>
<th>Community Services</th>
<th>Education</th>
<th>Total Program Services</th>
<th>Management &amp; General</th>
<th>Public Relations</th>
<th>Fundraising</th>
<th>Total Supporting Services</th>
<th>Total 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$ 45,540,270</td>
<td>$ 41,418,291</td>
<td>$ 9,679,004</td>
<td>$ 96,637,565</td>
<td>$ 9,408,783</td>
<td>$ 350,975</td>
<td>$ 672,431</td>
<td>$ 10,432,189</td>
<td>$ 107,069,754</td>
</tr>
<tr>
<td>Payroll taxes and benefits (Notes 11, 12 and 13)</td>
<td>14,789,427</td>
<td>13,602,722</td>
<td>3,488,077</td>
<td>31,880,226</td>
<td>3,611,393</td>
<td>135,303</td>
<td>267,536</td>
<td>4,014,232</td>
<td>35,694,458</td>
</tr>
</tbody>
</table>

**Total Personnel Costs**

- Consulting and professional fees: $911,629
- Recruiting: $169,692
- Other contract services: $215,789
- Supplies: $2,133,811
- Telephone: $325,348
- Postage and shipping: $21,097
- Occupancy (Note 15A): $5,313,374
- Equipment rental (Note 15A): $183,621
- Outside print and artwork: $15,483
- Staff travel and other: $67,678
- Conferences and conventions: $40,936
- Specific assistance: $10,628,967
- Client transportation: $1,371,974
- Membership dues: $2,315,913
- Repairs and maintenance: $1,339,143
- Food and entertainment: $410,384
- Facility tax assessment (Note 2J): $923,352
- Repairs and maintenance: $211,629
- Facility tax assessment (Note 2J): $1,255,266
- Insurance: $825,738
- Interest: $43,866
- Depreciation and amortization (Note 7): $1,238,497
- Amortization of deferred financing costs (Note 2I): $2,324,142
- Bad debt: $1,653,103
- Miscellaneous: $37,987

**Total Expenses**

- **$ 88,484,231**
- **$ 74,981,479**
- **$ 16,771,648**
- **$ 180,237,358**
- **$ 20,773,151**
- **$ 610,705**
- **$ 1,135,090**
- **$ 22,518,946**
- **$ 202,756,304**

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

-6-
## THE JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC. AND AFFILIATES

### CONSOLIDATED STATEMENTS OF CASH FLOWS

**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

<table>
<thead>
<tr>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES:</strong></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$(7,776,646)</td>
</tr>
<tr>
<td><strong>Adjustments to reconcile change in net assets</strong></td>
<td></td>
</tr>
<tr>
<td>to net cash (used) provided by operating activities:</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization of property and equipment</td>
<td>5,241,793</td>
</tr>
<tr>
<td>Amortization of deferred financing costs</td>
<td>93,198</td>
</tr>
<tr>
<td>Pension related changes other than net periodic pension costs</td>
<td>2,326,016</td>
</tr>
<tr>
<td>Bad debt</td>
<td>1,743,597</td>
</tr>
<tr>
<td>Write-off of unamortized bond financing costs</td>
<td>-</td>
</tr>
<tr>
<td>Change in value of split-interest agreement</td>
<td>13,549</td>
</tr>
<tr>
<td>Loss on disposal of property and equipment</td>
<td>-</td>
</tr>
<tr>
<td>Net realized and unrealized loss (gain) on investments</td>
<td>2,309,693</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>3,951,200</td>
</tr>
<tr>
<td><strong>Changes in operating assets and liabilities:</strong></td>
<td></td>
</tr>
<tr>
<td>Decrease (increase) in assets:</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>$(8,437,316)</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>1,228,351</td>
</tr>
<tr>
<td>Deferred charges and other assets</td>
<td>(4,699,954)</td>
</tr>
<tr>
<td><strong>Increase (decrease) in liabilities:</strong></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>2,913,843</td>
</tr>
<tr>
<td>Accrued salaries and related benefits</td>
<td>1,633,592</td>
</tr>
<tr>
<td>Accrued vacation</td>
<td>(586,997)</td>
</tr>
<tr>
<td>Accrued pension and postretirement benefits</td>
<td>(514,936)</td>
</tr>
<tr>
<td>Other pension liabilities</td>
<td>(29,107)</td>
</tr>
<tr>
<td>Deferred rent</td>
<td>(461,030)</td>
</tr>
<tr>
<td>Due to government agencies and deferred revenue</td>
<td>8,360,030</td>
</tr>
<tr>
<td><strong>Net Cash Provided by (Used in) Operating Activities</strong></td>
<td>3,357,676</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM INVESTING ACTIVITIES:

<table>
<thead>
<tr>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of investments</td>
<td>$(23,558,455)</td>
</tr>
<tr>
<td>Proceeds from sales of investments</td>
<td>27,540,895</td>
</tr>
<tr>
<td>Decrease in assets held by bond trustees</td>
<td>-</td>
</tr>
<tr>
<td>Purchases of fixed assets</td>
<td>(4,077,600)</td>
</tr>
<tr>
<td><strong>Net Cash (Used in) Provided by Investing Activities</strong></td>
<td>(95,160)</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM FINANCING ACTIVITIES:

<table>
<thead>
<tr>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayment of bank lines of credit</td>
<td>$(23,600,000)</td>
</tr>
<tr>
<td>Proceeds from borrowings of bank lines of credit</td>
<td>30,900,000</td>
</tr>
<tr>
<td>Repayments of bonds payable</td>
<td>(355,000)</td>
</tr>
<tr>
<td>Repayments of long-term debt</td>
<td>(1,050,381)</td>
</tr>
<tr>
<td>Proceeds from borrowings of long-term debt</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Cash Provided by (Used in) Financing Activities</strong></td>
<td>5,894,619</td>
</tr>
</tbody>
</table>

### NET INCREASE IN CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>9,157,135</td>
<td>406,495</td>
</tr>
<tr>
<td>Cash and cash equivalents - beginning of year</td>
<td>4,106,997</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS - END OF YEAR</strong></td>
<td>$13,264,132</td>
</tr>
</tbody>
</table>

### SUPPLEMENTAL CASH FLOW INFORMATION:

<table>
<thead>
<tr>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash paid for interest</td>
<td>$1,018,034</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

For more than 140 years, the Jewish Board of Family and Children's Services, Inc. (“JBFCS”) has been helping New Yorkers realize their potential and live as independently as possible. We promote resilience and recovery by addressing all aspects of an individual's life including mental and physical health, family, housing, employment and education. Across the five boroughs and in Westchester, we serve more than 43,000 New Yorkers from all religious, ethnic and socioeconomic backgrounds each year.

JBFCS provides a comprehensive array of mental health, family support, and developmental disabilities services. Our mental health clinics and satellites located in all five boroughs annually serve more than 10,000 New Yorkers struggling with a range of mental and behavioral health issues. We also provide community-based treatment and residential services to children and adults living with mental illness. We provide domestic violence services to women and families via emergency and transitional shelters. Our Jewish community service programs, which reach out to Jews in need, offer counseling and support across a range of issues along the life cycle, from divorce and bereavement to illness and addiction. JBFCS’s renowned Martha K. Selig Institute trains JBFCS staff and outside practitioners to meet the highest standards of care and the most challenging needs of the New York City community.

The accompanying consolidated financial statements include JBFCS, Shield of David, Inc. d/b/a The Shield Institute (the “Shield”) and Pelican Health Corp. (“Pelican”). The Shield provides educational and other services to individuals who are developmentally disabled. Pelican is a dormant for-profit corporation which had no activity for the years ended June 30, 2015 and 2014. Both organizations are under common control as JBFCS is the sole member. The Shield and Pelican are referred to as “Affiliates” and all entities are collectively referred to as the “Organization”.

JBFCS and the Shield are Section 501(c)(3) not-for-profit corporations exempt from federal income tax under Section 501(a) of the Internal Revenue Code and have been classified as publically supported charitable organizations under Section 509(a)(1) of the Internal Revenue Code and qualify for the maximum charitable contribution deduction by donors. Both JBFCS and the Shield are also exempt from state and local taxes. Pelican is a for-profit organization incorporated in the State of New York, and is subject to federal, state, and local taxes. The corporation is dormant. The Organization’s revenues are earned primarily from Medicaid, New York State and New York City government sources for services provided, with additional support provided from philanthropy.

In June 2015, JBFCS assumed responsibility for operating approximately 65 behavioral health programs formerly operated by a bankrupt nonprofit organization in New York City. These programs generated approximately $5 million in gross revenue for the month of June 2015, and are expected to generate approximately $50 million in gross revenue annually in future years.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Consolidation and Basis of Accounting - The Organization’s consolidated financial statements have been prepared by consolidating the financial statements of JBFCS, the Shield, and Pelican. There are no intercompany transactions between the three entities. The consolidated financial statements have been prepared on the accrual basis of accounting. The Organization adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP").

B. Basis of Presentation - The Organization maintains its net assets under the following three classes:

   Unrestricted - This represents net assets not subject to donor-imposed stipulations and that have no time restrictions. Such resources are available for support of the Organization’s operations over which the Board of Trustees has discretionary control.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Temporarily Restricted - This represents net assets subject to donor-imposed stipulations that will be met by actions of the Organization or by the passage of time. In addition, earnings from endowment assets are classified as temporarily restricted until appropriated for operations by the Board of Trustees. When a stipulated time restriction ends or purpose restriction is accomplished or endowment earnings are appropriated for operations, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Permanently Restricted - This represents net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for unrestricted or donor-specified purposes.

C. Cash and Cash Equivalents - The Organization considers highly liquid debt instruments with maturities of three months or less, when acquired, to be cash and cash equivalents. Program participant funds included in the cash and cash equivalents amounted to approximately $1,029,000 and $356,000 as of June 30, 2015 and 2014, respectively. Such amounts are also included as a liability in the accompanying consolidated financial statements.

D. Investments and Fair Value Measurements - Investments are stated at fair value. Alternative investments in limited partnerships are stated at fair value as estimated by the investment managers or general partners. Values may be based on historical cost, appraisals, or other estimates that require varying degrees of judgment. Certain investments (see Note 6) are stated at Net Asset Value (“NAV”) which approximates fair value. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 6.

E. Contributions - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

F. Allowance for Uncollectible Receivables - The Organization determines whether an allowance for uncollectible receivables should be provided for accounts receivable and contributions receivable. Such estimate is based on management’s assessment of the aged basis of its receivables, current economic conditions, creditworthiness of its donors, historical experience, and collections subsequent to year end. As of June 30, 2015 and 2014, the Organization determined an allowance of $1,814,687 and $1,562,660, respectively, was necessary for accounts receivable and $0 and $45,000 as of June 30, 2015 and 2014, respectively for contributions receivable.

G. Property and Equipment - Property and equipment is stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the term of the applicable lease. Property and equipment is capitalized by the Organization provided its cost is $5,000 or more and its useful life is greater than one year. There are instances where certain expenditures for property and equipment are reflected in the accompanying consolidated financial statements as expenses because the cost of these items was reimbursed by certain governmental funding sources and the contractual agreement specifies that title to these assets rests with the funding source rather than the Organization. Management has determined that the net book value of these assets is not material.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. **Split-Interest Agreements** JBFCS is the beneficiary of a number of split-interest agreements with donors. Under these agreements, JBFCS controls the donated assets and distributes to the donor or donor’s designee income generated from those assets until such time as stated in the agreements (usually upon the death of the donor or donor’s designee). At such time, JBFCS will be able to utilize the remaining assets. At the time of the gift, JBFCS records contribution revenue and a liability for amounts payable to third-interest-party beneficiaries using an actuarial calculation based on estimated mortality rates and other assumptions that could change in the near term. The liability is adjusted annually.

The fair value of investments held under split-interest agreements as of June 30, 2015 and 2014 amounted to $263,674 and $277,223, respectively, and consisted of investments in money market funds and bond mutual funds. As of June 30, 2015 and 2014, the asset and liability of $263,674 and $277,223, respectively, associated with these agreements is included in deferred charges and other assets and accounts and accrued expenses payable in the consolidated statements of financial position.

I. **Deferred Financing Costs** - Costs incurred to obtain financing and fees, as well as certain closing costs, have been capitalized. Deferred financing costs amounted to $1,022,378 and $1,108,604 as of June 30, 2015 and 2014, respectively, and are reported in deferred charges and other assets in the accompanying consolidated financial statements. These costs are amortized using the straight-line method, which approximates the effective interest method.

J. **Government Support** - The Organization derives its revenue from, among other sources, cost reimbursement contracts and fees for service programs with federal, New York State, and New York City government agencies. The Organization’s Residential Treatment Center receives funding for its foster care services through foster care contracts principally entered into with New York City and various adjacent counties. The Organization’s Residential Treatment Facilities and Developmental Disabilities programs receive funding for their services through direct payments from governmental entities.

Revenues from evaluation and education services (early childhood programs) are principally cost-based. The revenues for such services are recorded at tuition rates established by governmental payors (principally the New York State Education Department and the New York City Department of Education). The Medicaid facility tax assessment is an add-on to the rate for the Intermediate Care Facilities (“ICF”) programs and recorded as an income and expense in the accompanying consolidated financial statements.

K. **Donated Services** - JBFCS receives certain contributed services that meet the criteria under U.S. GAAP for recognition as contributions and expense. Such services (primarily volunteer caseworkers) are recorded in the consolidated financial statements at fair value (approximately $387,000 and $299,000 for the years ended June 30, 2015 and 2014, respectively). Other volunteers have donated time to JBFCS’s programs and supporting services. No amounts have been reflected in the accompanying consolidated financial statements for those services as they do not meet the criteria under U.S. GAAP for recognition as contributions.

L. **Functional Expenses** - The cost of providing the various programs and other activities has been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting service benefited, as indicated in the consolidated statement of functional expenses.

M. **Operating and Non-Operating Activities** - The Organization includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities, including all contributions except for endowments that have been permanently restricted by donors. Investment income, including realized and unrealized gains and losses, earned in excess of (or less than) the amount used for operations and other non-operating gains or losses including gain or (loss) on sale of property and equipment are recognized as non-operating activities.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. **Deferred Rent** - The Organization leases real property under various operating leases. The leases include rent escalations. Since the rent increases over time, the Organization records an adjustment to rent expense each year to reflect its straight-lining policy. Straight-lining of rent gives rise to a timing difference that is reflected as deferred rent in the accompanying consolidated statements of financial position.

O. **Use of Estimates** - The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

P. **Reclassification** – Certain line items in the June 30, 2014 consolidated financial statements have been reclassified to conform to the June 30, 2015 presentation. These changes had no impact on the change in net assets for the year ended June 30, 2014.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable consists of the following as of June 30, 2015 and 2014:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due from the City of New York</td>
<td>$10,876,712</td>
<td>$11,242,782</td>
</tr>
<tr>
<td>Due from the State of New York</td>
<td>20,675,640</td>
<td>16,640,140</td>
</tr>
<tr>
<td>Due from other sources</td>
<td>7,655,376</td>
<td>4,379,060</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>39,207,728</strong></td>
<td><strong>32,261,982</strong></td>
</tr>
<tr>
<td>Less: allowance for doubtful accounts</td>
<td>(1,814,687)</td>
<td>(1,562,660)</td>
</tr>
<tr>
<td><strong>Net Accounts Receivable</strong></td>
<td><strong>$37,393,041</strong></td>
<td><strong>$30,699,322</strong></td>
</tr>
</tbody>
</table>

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are recorded net of a discount (at a risk adjusted rate) to reflect the present value of future cash flows and are scheduled to be collected as follows as of June 30, 2015 and 2014:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>One year or less</td>
<td>$1,084,676</td>
<td>$2,266,966</td>
</tr>
<tr>
<td>One to five years</td>
<td>1,142,808</td>
<td>1,374,446</td>
</tr>
<tr>
<td>More than five years</td>
<td>201,192</td>
<td>110,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,428,676</strong></td>
<td><strong>3,751,412</strong></td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount to present value at 3.25%</td>
<td>(123,529)</td>
<td>(172,914)</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>-</td>
<td>(45,000)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,305,147</strong></td>
<td><strong>$3,533,498</strong></td>
</tr>
</tbody>
</table>

NOTE 5 – INVESTMENTS

Investments consist of the following as of June 30, 2015 and 2014:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money market funds</td>
<td>$8,423,899</td>
<td>$2,421,500</td>
</tr>
<tr>
<td>Equities</td>
<td>13,190,151</td>
<td>14,042,897</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>69,862,147</td>
<td>83,353,122</td>
</tr>
<tr>
<td>Alternative investments</td>
<td>23,241,755</td>
<td>21,192,566</td>
</tr>
<tr>
<td><strong>Total Investments</strong></td>
<td><strong>$114,717,952</strong></td>
<td><strong>$121,010,085</strong></td>
</tr>
</tbody>
</table>
NOTE 5 – INVESTMENTS (Continued)

Supplementary pension plan investments in the amount of approximately $1,849,000 and $1,878,000 are included in the investments as of June 30, 2015 and 2014, respectively.

Alternative investments consist of the following:

Diversified inflation hedges – The fund’s investment objective is to provide strong relative performance versus broad equity and fixed income markets during rising inflation environments.

Hedge funds – The fund invests primarily in offshore investment funds, investment partnerships and pooled investment vehicles. The investment in the fund is recorded at fair value based on financial data, which is generally at an amount equal to net asset value per share or the fund’s proportionate interest in the net assets.

Limited partnerships - Limited partnerships invest primarily in a collection of diversified hedge fund strategies from a variety of underlying managers. Investments consist of hedge funds and other funds focusing on long/short equity, relative value, credit, event driven opportunities, distressed investment and multi-strategy approaches.

The components of investment activity for the years ended June 30, 2015 and 2014 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividends</td>
<td>$ 2,461,310</td>
<td>$ 2,077,670</td>
</tr>
<tr>
<td>Realized gains</td>
<td>4,383,039</td>
<td>5,134,671</td>
</tr>
<tr>
<td>Unrealized (loss) gains</td>
<td>(6,692,732)</td>
<td>9,318,326</td>
</tr>
<tr>
<td>Investment fees</td>
<td>(601,936)</td>
<td>(604,461)</td>
</tr>
<tr>
<td></td>
<td><strong>(450,319)</strong></td>
<td><strong>15,926,206</strong></td>
</tr>
</tbody>
</table>

Designation of investment activity:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount used for operations</td>
<td>$ 5,424,289</td>
<td>$ 4,872,949</td>
</tr>
<tr>
<td>Amount considered non-operating</td>
<td>(5,874,608)</td>
<td>11,053,257</td>
</tr>
<tr>
<td></td>
<td><strong>(450,319)</strong></td>
<td><strong>15,926,206</strong></td>
</tr>
</tbody>
</table>

The current spending policy of JBFCS is discretionary and approved by the Board through the annual budget approval process.

Investments in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

NOTE 6 – FAIR VALUE MEASUREMENTS

In determining fair value, JBFCS utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
NOTE 6 – FAIR VALUE MEASUREMENTS (Continued)

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

Investments in equity securities and mutual funds (except included under Level 2) are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. See Note 2D for the valuation on alternative investments. Mutual funds included under Level 2 are valued at net asset value.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. For the years ended June 30, 2015 and 2013, there were no transfers in or out of levels 1, 2 or 3.

Financial assets carried at fair value as of June 30, 2015 are classified in the table as follows:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS CARRIED AT FAIR VALUE: Investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money market funds</td>
<td>$ 8,423,899</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 8,423,899</td>
</tr>
<tr>
<td>Equities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>12,107,847</td>
<td>-</td>
<td>-</td>
<td>12,107,847</td>
</tr>
<tr>
<td>International</td>
<td>1,082,304</td>
<td>-</td>
<td>-</td>
<td>1,082,304</td>
</tr>
<tr>
<td>Mutual funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>25,500,268</td>
<td>-</td>
<td>-</td>
<td>25,500,268</td>
</tr>
<tr>
<td>International</td>
<td>3,641,182</td>
<td>-</td>
<td>-</td>
<td>3,641,182</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>6,835,626</td>
<td>-</td>
<td>-</td>
<td>6,835,626</td>
</tr>
<tr>
<td>Ex-U.S. commingled funds</td>
<td>- 10,662,640</td>
<td>-</td>
<td>-</td>
<td>10,662,640</td>
</tr>
<tr>
<td>Global multi-asset</td>
<td>- 23,222,431</td>
<td>-</td>
<td>-</td>
<td>23,222,431</td>
</tr>
<tr>
<td>Alternative investments</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diversified inflation hedges</td>
<td>-</td>
<td>-</td>
<td>4,472,860</td>
<td>4,472,860</td>
</tr>
<tr>
<td>Hedge funds</td>
<td>-</td>
<td>-</td>
<td>12,832,571</td>
<td>12,832,571</td>
</tr>
<tr>
<td>Limited partnerships</td>
<td>-</td>
<td></td>
<td>5,936,324</td>
<td>5,936,324</td>
</tr>
<tr>
<td>TOTAL ASSETS AT FAIR VALUE:</td>
<td>$ 57,591,126</td>
<td>$ 33,885,071</td>
<td>$ 23,241,755</td>
<td>$ 114,717,952</td>
</tr>
</tbody>
</table>

Financial assets carried at fair value as of June 30, 2014 are classified in the table as follows:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS CARRIED AT FAIR VALUE: Investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money market funds</td>
<td>$ 2,421,500</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 2,421,500</td>
</tr>
<tr>
<td>Equities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>12,960,592</td>
<td>-</td>
<td>-</td>
<td>12,960,592</td>
</tr>
<tr>
<td>International</td>
<td>1,082,305</td>
<td>-</td>
<td>-</td>
<td>1,082,305</td>
</tr>
<tr>
<td>Mutual funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>12,750,092</td>
<td>-</td>
<td>-</td>
<td>12,750,092</td>
</tr>
<tr>
<td>International</td>
<td>16,464,536</td>
<td>-</td>
<td>-</td>
<td>16,464,536</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>17,491,391</td>
<td>-</td>
<td>-</td>
<td>17,491,391</td>
</tr>
<tr>
<td>Ex-U.S. commingled funds</td>
<td>- 16,737,156</td>
<td>-</td>
<td>-</td>
<td>16,737,156</td>
</tr>
<tr>
<td>Global multi-asset</td>
<td>- 19,909,947</td>
<td>-</td>
<td>-</td>
<td>19,909,947</td>
</tr>
<tr>
<td>Alternative investments</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diversified inflation hedges</td>
<td>-</td>
<td>-</td>
<td>5,685,381</td>
<td>5,685,381</td>
</tr>
<tr>
<td>Hedge funds</td>
<td>-</td>
<td>-</td>
<td>9,928,546</td>
<td>9,928,546</td>
</tr>
<tr>
<td>Limited partnerships</td>
<td>-</td>
<td></td>
<td>5,578,639</td>
<td>5,578,639</td>
</tr>
<tr>
<td>TOTAL ASSETS AT FAIR VALUE:</td>
<td>$ 63,170,416</td>
<td>$ 36,647,103</td>
<td>$ 21,192,566</td>
<td>$ 121,010,085</td>
</tr>
</tbody>
</table>
NOTE 6 – FAIR VALUE MEASUREMENTS (Continued)

The following investments are valued at net asset value:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Fair Value 2015</th>
<th>Fair Value 2014</th>
<th>Unfunded Commitments</th>
<th>Redemption Frequency</th>
<th>Redemption Notice Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global multi-asset fund</td>
<td>$23,222,431</td>
<td>$19,909,947</td>
<td>None</td>
<td>Immediately</td>
<td>N/A</td>
</tr>
<tr>
<td>Ex. U.S. commingled funds</td>
<td>10,662,640</td>
<td>16,737,156</td>
<td>None</td>
<td>Immediately</td>
<td>N/A</td>
</tr>
<tr>
<td>Diversified inflation funds</td>
<td>4,472,860</td>
<td>5,685,381</td>
<td>None</td>
<td>Immediately</td>
<td>10 days</td>
</tr>
<tr>
<td>Hedge funds</td>
<td>12,832,571</td>
<td>9,928,546</td>
<td>None</td>
<td>Immediately</td>
<td>10-90 days</td>
</tr>
<tr>
<td>Limited partnerships</td>
<td>5,936,324</td>
<td>5,578,639</td>
<td>None</td>
<td>Immediately</td>
<td>90 days</td>
</tr>
<tr>
<td></td>
<td>$57,126,826</td>
<td>$57,839,669</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The reconciliation for the years ended June 30, 2015 and 2014 of Level 3 investments measured at estimated fair value is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>$21,192,566</td>
<td>$12,990,281</td>
</tr>
<tr>
<td>Unrealized (loss) gains on investments</td>
<td>(749,039)</td>
<td>1,642,625</td>
</tr>
<tr>
<td>Other investment gains or (loss)</td>
<td>232,588</td>
<td>166,399</td>
</tr>
<tr>
<td>Purchases, sales, issuances and settlements (net)</td>
<td>2,565,640</td>
<td>6,393,261</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$23,241,755</td>
<td>$21,192,566</td>
</tr>
</tbody>
</table>

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2015 and 2014:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>Estimated Useful Lives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>3,530,448</td>
<td>3,530,448</td>
<td></td>
</tr>
<tr>
<td>Building and building improvements</td>
<td>97,796,582</td>
<td>96,756,753</td>
<td>15-50 years</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>8,818,086</td>
<td>8,611,069</td>
<td>5-40 years</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>35,506,615</td>
<td>31,748,521</td>
<td>3-10 years</td>
</tr>
<tr>
<td>Construction in progress (see below)</td>
<td>1,963,720</td>
<td>2,914,792</td>
<td></td>
</tr>
<tr>
<td></td>
<td>147,615,451</td>
<td>143,561,583</td>
<td></td>
</tr>
<tr>
<td>Less accumulated depreciation and amortization</td>
<td>(95,125,721)</td>
<td>(89,907,660)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$52,489,730</td>
<td>$53,653,923</td>
<td></td>
</tr>
</tbody>
</table>

Depreciation and amortization expense amounted to $5,241,793 and $4,779,785 for the years ended June 30, 2015 and 2014, respectively. During the year ended June 30, 2015, the Organization wrote off $23,732 of property and equipment that was no longer in use.

Construction in progress consists of the following contracts:

A. Mishkon lighting project: The estimated contract cost is approximately $229,000. The expected completion date is in early 2016.

B. Mayfair Drive Purchase and Renovation Project: The total cost of the project is approximately $1,218,000. The expected completion date is in early 2016.

C. Shield’s Early Learning Center in the Bronx: The estimated contract cost is approximately $933,000. The expected completion date has not been determined.
NOTE 8 – BONDS PAYABLE

New York City Industrial Development Organization Bond:

In August 2000, Civic Facility Revenue Bonds (the “2000 Bonds”), aggregating $15,820,000, were issued by the New York City Industrial Development Organization (“IDA”). All of JBFCS’s rights, title, and interest in various premises leased by JBFCS were assigned to the IDA. Further, JBFCS immediately leased back these facilities at a rate and term equivalent to the debt service requirements of the 2000 Bonds. The IDA is prohibited from selling the facilities without the explicit consent of JBFCS. All the facilities will be returned to JBFCS on December 15, 2025, or at such time that the bond obligations have been fully satisfied.

The proceeds from the 2000 Bonds, net of issuance costs, were deposited into a project fund (the "Project Fund") for the purpose of financing or refinancing the acquisition, reconstruction, renovation and equipping of the Mishkon Facility, the Intermediate Care Facility, the Individualized Residential Alternative Facilities, the Flagship Building, the Geller House, the Kaplan House, the J.W. Beatman Center, the Ittleson Center and the headquarters of JBFCS.

JBFCS has guaranteed the payment of principal or redemption price and interest on the 2000 Bonds and has granted to the trustee of the Bonds a security interest in their total operating revenues. Pursuant to the 2000 Bond Agreement, the bond trustee for the Bonds entered into an inter-creditor agreement. In the event that there are insufficient total operating revenues to meet the payment obligations with respect to the Bonds, the bond trustee will receive a pro rata portion of the total operating revenues available. The 2000 Bonds are also secured by a bank letter of credit, for which no amounts are outstanding. JBFCS pays an annual fee of 1.75% (approximately $250,000) of the total outstanding bonds to maintain the letter of credit.

Interest payments on the bonds are based on a variable interest rate, which was 0.07% as of June 30, 2015 and 2014.

The 2000 Bonds require JBFCS to comply with certain terms and conditions. JBFCS was in compliance with all applicable financial covenants as of June 30, 2015 and 2014.

JBFCS redeemed $1,480,000 of these obligations in connection with the sale of its headquarters building in 2009.

The remaining balance of the 2000 Bonds is subject to redemption by the IDA prior to maturity from mandatory Sinking Fund Installments on July 1 of the years and in the principal amounts set forth below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015-2016</td>
<td>$990,000</td>
</tr>
<tr>
<td>2016-2017</td>
<td>1,035,000</td>
</tr>
<tr>
<td>2017-2018</td>
<td>1,090,000</td>
</tr>
<tr>
<td>2018-2019</td>
<td>1,140,000</td>
</tr>
<tr>
<td>2019-2020</td>
<td>1,195,000</td>
</tr>
<tr>
<td>Thereafter</td>
<td>8,535,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$13,985,000</strong></td>
</tr>
</tbody>
</table>

In fiscal year 2010, JBFCS entered into an interest rate cap agreement with one of its banks which limits any potential increases in the variable interest rates of the 2000 Bonds to a maximum of 3%. The original agreement expired in November 2012, at which time it was extended until November 2016 with essentially the same terms.
NOTE 9 – LONG TERM DEBT

The following are various mortgages and notes secured by underlying properties as noted for each. Since payments on these long-term debts are flow-through amounts under funding contracts with the applicable state organization, the interest rates disclosed are not indicative of an out-of-pocket debt service obligation. Details as of June 30, 2015 and 2014 are as follows:

<table>
<thead>
<tr>
<th>JBFCS:</th>
<th>2015</th>
<th>2014</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage payable to Dormitory Authority of the State of New York (“DASNY”) in semi-annually installments of $23,615. The interest rate is 9.34%. (a)</td>
<td>$102,488</td>
<td>$137,579</td>
<td>2018</td>
</tr>
<tr>
<td>Mortgage payable to DASNY in semi-annually installments of $35,000. The interest rate is 6.43%. (a)</td>
<td>346,000</td>
<td>416,000</td>
<td>2019</td>
</tr>
<tr>
<td>Mortgage payable to DASNY in semi-annually installments of $37,235. The interest rate is 5.05%. (a)</td>
<td>827,341</td>
<td>858,872</td>
<td>2023</td>
</tr>
<tr>
<td>Mortgage payable to DASNY in monthly installments of $10,030. The interest rate is 5.32%.</td>
<td>938,600</td>
<td>1,093,600</td>
<td>2019</td>
</tr>
<tr>
<td>Mortgage payable to DASNY in semiannual installments of $23,156. The interest rate is 7.15%. (a)</td>
<td>1,747,360</td>
<td>1,892,475</td>
<td>2023</td>
</tr>
<tr>
<td>Mortgage payable to DASNY in monthly installments of $1,006. The interest rate is 5.01%. (a)</td>
<td>1,396,110</td>
<td>1,445,066</td>
<td>2032</td>
</tr>
<tr>
<td>Mortgage payable to a bank, in monthly installments of $16,423. The interest rate is 4.02%. (a)</td>
<td>2,645,765</td>
<td>2,733,743</td>
<td>2034</td>
</tr>
<tr>
<td>Mortgage payable to a bank, in monthly installments of $7,553. The interest rate is 4.46% (b)</td>
<td>956,397</td>
<td>1,000,000</td>
<td>2029</td>
</tr>
<tr>
<td>Note payable to a bank, in monthly installments of $23,065. The interest rate is 3.89%. The loan is collateralized with equipment and machinery. (b)</td>
<td>1,637,604</td>
<td>1,914,384</td>
<td>2021</td>
</tr>
<tr>
<td><strong>Total JBFCS</strong></td>
<td><strong>10,597,665</strong></td>
<td><strong>11,491,719</strong></td>
<td></td>
</tr>
</tbody>
</table>

The Shield Institute:
Mortgage payable to a bank in monthly installments of $13,000. The interest rate is 2.40% (c) | 2,970,205 | 3,126,532 | 2034 |

**Consolidated Total** | **$13,567,870** | **$14,618,251** |

(a) Non-recourse long term debt secured by the property.

(b) Pursuant to the credit agreement, JBFCS is required to maintain certain financial covenants. As of June 30, 2015 and 2014, JBFCS was in compliance with these covenants.

(c) Pursuant to the mortgage agreement, the Shield is required to maintain certain financial covenants. As of June 30, 2015 and 2014, JBFCS was in compliance with these covenants.
NOTE 9 – LONG TERM DEBT (Continued)

Required future annual principal payments are payable as follows for the years ending after June 30, 2015:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$1,087,996</td>
</tr>
<tr>
<td>2016</td>
<td>1,152,056</td>
</tr>
<tr>
<td>2017</td>
<td>1,196,069</td>
</tr>
<tr>
<td>2018</td>
<td>1,224,557</td>
</tr>
<tr>
<td>2019</td>
<td>1,029,266</td>
</tr>
<tr>
<td>Thereafter</td>
<td>7,877,926</td>
</tr>
<tr>
<td>Total</td>
<td>$13,567,870</td>
</tr>
</tbody>
</table>

NOTE 10 – BANK LINES OF CREDIT

The following are the bank lines of credit held by the Organization as of June 30, 2015 and 2014:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>Expiration Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unsecured line of credit of $30,000,000 with TD Bank.</td>
<td>$6,500,000</td>
<td>$1,500,000</td>
<td>2016</td>
</tr>
<tr>
<td>Unsecured line of credit of $15,000,000 with Wells Fargo.</td>
<td>9,000,000</td>
<td>6,700,000</td>
<td>2016</td>
</tr>
<tr>
<td></td>
<td>$15,500,000</td>
<td>$8,200,000</td>
<td></td>
</tr>
</tbody>
</table>

There are certain financial covenants associated with JBFCS’s bank lines of credit. As of June 30, 2015 and 2014, JBFCS was in compliance with those covenants.

NOTE 11 – DEFINED BENEFIT PENSION PLANS AND ACCRUED POSTRETIREMENT BENEFITS

JBFCS maintains an accrued postretirement benefit plan for its employees who have attained age 45 and were employed prior to January 1, 2013.

The Shield maintains two defined benefit pension plans as follows: a) employee noncontributory defined benefit pension plan (the “Shield Pension Plan”) covering eligible employees b) Retirement Plan for Non-Union employees (Shield Non-Union Retirement Plan). The Shield’s funding policy is to contribute annually the amount necessary to satisfy federal regulations. The Shield Pension Plan was frozen effective June 30, 2013.

The Shield’s Non-Union Retirement Plan was established on July 1, 2013. All non-union employees over the age of 18, with one year of service completed, are covered by the retirement plan.
NOTE 11 – DEFINED BENEFIT PENSION PLANS AND ACCRUED POSTRETIREMENT BENEFITS (Continued)

The unfunded status as of June 30, 2015 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>JBFCS</th>
<th>Shield</th>
<th>Shield Non-Union Plan</th>
<th>2015 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in benefit obligation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefit obligation at beginning of the year</td>
<td>$10,451,712</td>
<td>$18,751,386</td>
<td>$294,536</td>
<td>$29,497,634</td>
</tr>
<tr>
<td>Interest cost</td>
<td>399,159</td>
<td>783,042</td>
<td>15,866</td>
<td>1,198,067</td>
</tr>
<tr>
<td>Service cost</td>
<td>321,847</td>
<td>3,509</td>
<td>305,110</td>
<td>630,466</td>
</tr>
<tr>
<td>Actuarial loss</td>
<td>104,011</td>
<td>1,497,670</td>
<td>44,627</td>
<td>1,646,308</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(458,453)</td>
<td>(464,813)</td>
<td>-</td>
<td>(923,266)</td>
</tr>
<tr>
<td>Benefit obligation at end of the year</td>
<td>10,818,276</td>
<td>20,570,794</td>
<td>660,139</td>
<td>32,049,209</td>
</tr>
<tr>
<td>Fair value of plan assets</td>
<td>-</td>
<td>16,892,616</td>
<td>616,967</td>
<td>17,509,583</td>
</tr>
<tr>
<td>Unfunded status</td>
<td>$10,818,276</td>
<td>$3,678,178</td>
<td>$43,172</td>
<td>$14,539,626</td>
</tr>
</tbody>
</table>

The unfunded status as of June 30, 2014 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>JBFCS</th>
<th>Shield</th>
<th>Shield Non-Union Plan</th>
<th>2014 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in benefit obligation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefit obligation at beginning of the year</td>
<td>$9,617,309</td>
<td>$17,036,386</td>
<td>-</td>
<td>$26,653,695</td>
</tr>
<tr>
<td>Interest cost</td>
<td>417,691</td>
<td>789,241</td>
<td>-</td>
<td>1,206,932</td>
</tr>
<tr>
<td>Service cost</td>
<td>316,502</td>
<td>7,425</td>
<td>294,536</td>
<td>618,463</td>
</tr>
<tr>
<td>Actuarial loss</td>
<td>555,904</td>
<td>1,498,526</td>
<td>-</td>
<td>2,054,430</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(455,694)</td>
<td>(580,192)</td>
<td>-</td>
<td>(1,035,886)</td>
</tr>
<tr>
<td>Benefit obligation at end of the year</td>
<td>10,451,712</td>
<td>18,751,386</td>
<td>294,536</td>
<td>29,497,634</td>
</tr>
<tr>
<td>Fair value of plan assets</td>
<td>-</td>
<td>16,519,101</td>
<td>249,987</td>
<td>16,769,088</td>
</tr>
<tr>
<td>Unfunded status</td>
<td>$10,451,712</td>
<td>$2,232,285</td>
<td>$44,549</td>
<td>$12,728,546</td>
</tr>
</tbody>
</table>

The components of net periodic benefit cost for the year ended June 30, 2015 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>JBFCS</th>
<th>Shield</th>
<th>Shield Non-Union Plan</th>
<th>2015 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest cost</td>
<td>$399,159</td>
<td>$783,042</td>
<td>$15,866</td>
<td>$1,198,067</td>
</tr>
<tr>
<td>Service cost</td>
<td>321,847</td>
<td>3,509</td>
<td>305,110</td>
<td>630,466</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>-</td>
<td>(1,238,348)</td>
<td>(21,727)</td>
<td>(1,260,075)</td>
</tr>
<tr>
<td>Amortization of actuarial (gain)/loss</td>
<td>(27,466)</td>
<td>152,525</td>
<td>-</td>
<td>125,059</td>
</tr>
<tr>
<td>Net periodic cost (credit)</td>
<td>$693,540</td>
<td>$(299,272)</td>
<td>$299,249</td>
<td>$693,517</td>
</tr>
</tbody>
</table>
NOTE 11 – DEFINED BENEFIT PENSION PLANS AND ACCRUED POSTRETIREMENT BENEFITS (Continued)

The components of net periodic benefit cost for the year ended June 30, 2014 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>JBFCS</th>
<th>Shield Pension Plan</th>
<th>Shield Non-Union Plan</th>
<th>2014 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest cost</td>
<td>$417,691</td>
<td>$789,241</td>
<td>$ -</td>
<td>$1,206,932</td>
</tr>
<tr>
<td>Service cost</td>
<td>316,502</td>
<td>7,425</td>
<td>294,536</td>
<td>618,463</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>-</td>
<td>(1,057,858)</td>
<td>-</td>
<td>(1,057,858)</td>
</tr>
<tr>
<td>Amortization of actuarial (gain)/loss</td>
<td>(90,864)</td>
<td>169,724</td>
<td>-</td>
<td>78,860</td>
</tr>
<tr>
<td>Net periodic cost (credit)</td>
<td>$643,329</td>
<td>$(91,468)</td>
<td>$294,536</td>
<td>$846,397</td>
</tr>
</tbody>
</table>

The amounts recognized in the change in unrestricted net assets for the year ended June 30, 2015 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>JBFCS</th>
<th>Shield Pension Plan</th>
<th>Shield Non-Union Plan</th>
<th>2015 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net actuarial gain (loss)</td>
<td>$(104,011)</td>
<td>$(2,347,690)</td>
<td>$626</td>
<td>$(2,451,075)</td>
</tr>
<tr>
<td>Amortization of actuarial (gain) loss</td>
<td>(27,466)</td>
<td>152,525</td>
<td>-</td>
<td>125,059</td>
</tr>
<tr>
<td></td>
<td>$(131,477)</td>
<td>$(2,195,165)</td>
<td>$626</td>
<td>$(2,326,016)</td>
</tr>
</tbody>
</table>

As of June 30, 2015, the amounts recognized in unrestricted net assets consist of a cumulative actuarial (gain) loss of $(104,011), $2,347,690 and $626 for the JBFCS Postretirement Plan, Shield Pension Plan, and Shield Non-Union Retirement Plan, respectively.

The amounts recognized in the change in unrestricted net assets for the year ended June 30, 2014 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>JBFCS</th>
<th>Shield Pension Plan</th>
<th>Shield Non-Union Plan</th>
<th>2014 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net actuarial loss</td>
<td>$(555,904)</td>
<td>$(59,122)</td>
<td>$(13)</td>
<td>$(615,039)</td>
</tr>
<tr>
<td>Amortization of actuarial (gain) loss</td>
<td>(90,864)</td>
<td>169,724</td>
<td>-</td>
<td>78,860</td>
</tr>
<tr>
<td></td>
<td>$(646,768)</td>
<td>$110,602</td>
<td>$(13)</td>
<td>$(536,179)</td>
</tr>
</tbody>
</table>

As of June 30, 2014, the amounts recognized in unrestricted net assets consist of a cumulative actuarial (gain) loss of $(1,239,413), $3,319,797 and $13 for the JBFCS Postretirement Plan, Shield Pension Plan, and Shield Non-Union Retirement Plan, respectively.
NOTE 11 – DEFINED BENEFIT PENSION PLANS AND ACCRUED POSTRETIREMENT BENEFITS (Continued)

The weighted assumptions used as of and for the years ended June 30, 2015 and 2014 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th></th>
<th>2014</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>JBFCS</td>
<td>Shield</td>
<td>JBFCS</td>
<td>Shield</td>
</tr>
<tr>
<td></td>
<td>Postretirement</td>
<td>Pension Plan</td>
<td>Postretirement</td>
<td>Pension Plan</td>
</tr>
<tr>
<td></td>
<td>Shield</td>
<td>Non-Union Pension Plan</td>
<td>Shield</td>
<td>Non-Union Pension Plan</td>
</tr>
<tr>
<td>Benefit Obligation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount rate</td>
<td>4.11%</td>
<td>4.30%</td>
<td>5.50%</td>
<td>3.93%</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>N/A</td>
<td>7.50%</td>
<td>5.50%</td>
<td>N/A</td>
</tr>
<tr>
<td>Rate of compensation increase</td>
<td>N/A</td>
<td>3.00%</td>
<td>N/A</td>
<td>1.50%</td>
</tr>
<tr>
<td>Net periodic pension cost:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount rate</td>
<td>3.93%</td>
<td>4.30%</td>
<td>5.50%</td>
<td>4.47%</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>N/A</td>
<td>7.50%</td>
<td>5.50%</td>
<td>N/A</td>
</tr>
<tr>
<td>Rate of compensation increase</td>
<td>N/A</td>
<td>3.00%</td>
<td>N/A</td>
<td>1.50%</td>
</tr>
</tbody>
</table>

The following table shows the two pension plan assets as of June 30, 2015 and 2014:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th></th>
<th>2014</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market Funds</td>
<td>$127,142</td>
<td>$74,480</td>
<td>$4,513,846</td>
<td>$79,948</td>
</tr>
<tr>
<td>Consumer and Discretionary Services</td>
<td>1,386,012</td>
<td>70,595</td>
<td>1,145,825</td>
<td>25,404</td>
</tr>
<tr>
<td>Energy</td>
<td>683,558</td>
<td>34,197</td>
<td>933,272</td>
<td>33,428</td>
</tr>
<tr>
<td>Financial Services</td>
<td>2,051,441</td>
<td>101,616</td>
<td>1,942,264</td>
<td>40,224</td>
</tr>
<tr>
<td>Health Care</td>
<td>746,829</td>
<td>37,000</td>
<td>805,827</td>
<td>-</td>
</tr>
<tr>
<td>Materials and Processing</td>
<td>308,314</td>
<td>14,872</td>
<td>395,835</td>
<td>32,399</td>
</tr>
<tr>
<td>Producer Durables</td>
<td>1,440,024</td>
<td>68,188</td>
<td>1,192,959</td>
<td>-</td>
</tr>
<tr>
<td>Technology and Communications</td>
<td>1,886,743</td>
<td>90,274</td>
<td>1,941,683</td>
<td>38,584</td>
</tr>
<tr>
<td>Hedged Equity Fund</td>
<td>4,205,404</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Corporate Bonds</td>
<td>2,234,965</td>
<td>63,638</td>
<td>1,947,863</td>
<td>-</td>
</tr>
<tr>
<td>U.S. Government and Agency Obligations</td>
<td>1,822,184</td>
<td>62,107</td>
<td>1,669,727</td>
<td>-</td>
</tr>
</tbody>
</table>

$16,892,616 $616,967 $16,519,101 $249,987

The long-term rate of return was developed by estimating the expected long-term real return for each asset class within the portfolio, computing an average weighted real rate of return for the portfolio as a whole, reflecting both the plan’s expected asset class allocation and the correlations between the various asset classes, and adding that expected real rate of return to the expected long-term rate of inflation. The expected long-term rate of return reflects an expected real rate of return and an underlying inflation component per year.
NOTE 11 – DEFINED BENEFIT PENSION PLANS AND ACCRUED POSTRETIREMENT BENEFITS (Continued)

The projected future benefit payments are approximately as follows as of June 30, 2015:

<table>
<thead>
<tr>
<th></th>
<th>JBFCS Postretirement Plan</th>
<th>Shield Pension Plan</th>
<th>Shield Non-Union Pension Plan</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$ 588,000</td>
<td>$ 982,000</td>
<td>$ 18,000</td>
<td>$ 1,588,000</td>
</tr>
<tr>
<td>2017</td>
<td>609,000</td>
<td>943,000</td>
<td>18,000</td>
<td>1,570,000</td>
</tr>
<tr>
<td>2018</td>
<td>631,000</td>
<td>785,000</td>
<td>28,000</td>
<td>1,444,000</td>
</tr>
<tr>
<td>2019</td>
<td>658,000</td>
<td>570,000</td>
<td>30,000</td>
<td>1,258,000</td>
</tr>
<tr>
<td>2020</td>
<td>675,000</td>
<td>674,000</td>
<td>34,000</td>
<td>1,383,000</td>
</tr>
<tr>
<td>Thereafter</td>
<td>3,518,000</td>
<td>8,424,000</td>
<td>594,000</td>
<td>12,536,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 6,679,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 12,378,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 722,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 19,779,000</td>
</tr>
</tbody>
</table>

To illustrate the impact of the health care cost trend for the JBFCS postretirement plan, increasing the assumed medical care cost trend rates by 1% in each year would increase the accumulated postretirement benefit obligation by $180,457 as of June 30, 2015, and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the year then ended by $3,990. Decreasing the assumed health care cost trend rates by 1% would decrease the accumulated postretirement benefit obligation by $161,631 as of June 30, 2015, and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the year then ended by $3,610.

NOTE 12 – DEFINED CONTRIBUTION PENSION PLANS AND OTHER

A. JBFCS maintains a Supplementary Executive Retirement Plan (“SERP”) under Internal Revenue Code Sections 457(b) and 457(f) and for certain employees. JBFCS contributed approximately $122,000 and $181,000 for the years ended June 30, 2015 and 2014, respectively, to the SERP. The fair value of the plans’ assets and resulting liabilities aggregated to approximately $1,849,000 and $1,878,000 as of June 30, 2015 and 2014, respectively. Plan assets are included in investments and the related liability is included under other pension liabilities in the consolidated statements of financial position.

B. 403(b) Plan – JBFCS offers a 403(b) retirement plan covering all employees. All employees can make salary reduction contributions. JBFCS does not make any contribution to the plan.

C. The Shield sponsors a profit sharing plan for the non-union employees effective July 1, 2013. All non-union employees who have completed one year of service shall be eligible to participate in this plan. For the years ended June 30, 2015 and 2014, the pension expense amounted to $230,727 and $366,891 respectively.

D. The Shield sponsors a profit sharing plan for the union employees effective July 1, 2014. All union employees who have completed one year of service shall be eligible to participate in this plan. For the years ended June 30, 2015 and 2014, the pension expense amounted to $186,960 and $0 respectively.

E. The Shield offers a 403(b) retirement plan covering all employees, who have at least 1000 hours of service. All employees can make salary reduction contributions. The Shield does not make any contribution to this plan.

NOTE 13 – MULTI-EMPLOYER PENSION PLANS

JBFCS

The UJA-Federation and JBFCS participate in a multiemployer defined benefit pension plan covering eligible union and non-union employees of these entities as well as eligible employees of participating affiliated agencies of UJA-Federation. The name of the plan is the Retirement Plan for Employees of the United Jewish Appeal-Federation of Jewish Philanthropies of New York, Inc. and Affiliated Agencies and Institutions (the “Plan”). The Plan is filed under the Employer Identification Number 51-0172429 and the three-digit pension plan Number 333.
NOTE 13 – MULTI-EMPLOYER PENSION PLANS (Continued)

The Plan follows the single employer funding requirements and is not required to file an annual zone certification under the Pension Protection Act of 2006 (PPA) and disclosures concerning a financial improvement plan or a rehabilitation plan are not applicable. The Plan is at least 80% funded using the most recent financial information as of October 1, 2013, the beginning of the plan year. All employees with a minimum of 1,000 hours worked in a year are eligible to participate. JBFCS’ share of the retirement plan expense was $3,797,646 and $4,130,999 for the years ended June 30, 2015 and 2014, respectively. JBFCS has recorded a liability for this plan of $808,347 for the years ended June 30 2015 and 2014 included under accrued salaries and related benefits in the consolidated statements of financial position.

Shield Institute

The Shield contributes to the Building Service 32BJ Pension Fund (the “32BJ Plan”) a multi-employer, non-contributory defined benefit pension plan. The Plan provides retirement benefits to eligible participants employed in the building service industry who are covered under collective bargaining agreements. The Plan is subject to the provisions of the Employees Retirement Income Security Act of 1974. According to the actuary report, the 32BJ Plan is 79% funded as of January 1, 2014. The Pension Protection Act of 2006 (“PPA”) requires an annual actuarial status determination of multiemployer pension plans. The 32BJ Plan was certified by its actuary, to be in critical status, also known as “red zone”.

The Shield contributes to the 1199 SEIU Health Care Employees Pension Plan (the “1199 SEIU Plan”), multi-employer, non-contributory defined benefit pension plan. The Plan provides retirement benefits to eligible participants employed as health care employees who are covered under collective bargaining agreements. The 1199 SEIU Plan is subject to the provisions of the Employees Retirement Income Security Act of 1974. The 1199 SEIU Plan was certified by its actuary to be in the “green zone” – not endangered seriously nor critically endangered, as defined in the PPA. According to the actuary report for the 1199 SEIU Plan is 91% funded as of December 31, 2014.

The risks of participating in multiemployer pension plans are different from single-employer plans in that: assets contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers; if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and if the Shield stops participating in the multiemployer plan, the Shield may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability. The Shield has no plans to withdraw.

The following table summarizes additional information related to the multi-employer plans:

<table>
<thead>
<tr>
<th>Pension Fund</th>
<th>EIN</th>
<th>PPA Zone</th>
<th>FIP/RP</th>
<th>Surcharges</th>
<th>Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Status</td>
<td>Implemented</td>
<td>Contributions</td>
<td></td>
</tr>
<tr>
<td>1199 SEIU Health Care Employees</td>
<td>13-3604862</td>
<td>2015</td>
<td>2015</td>
<td>2015</td>
<td>Expired April 2012, and currently in negotiations</td>
</tr>
<tr>
<td>Pension Fund</td>
<td>No. 001</td>
<td>2014</td>
<td>Implemented</td>
<td>$269,809</td>
<td>$274,076</td>
</tr>
<tr>
<td>Building Service 32BJ Pension Fund</td>
<td>13-1879376</td>
<td>Green</td>
<td>Green</td>
<td>$62,543</td>
<td>$57,595</td>
</tr>
<tr>
<td>Plan No. 001</td>
<td></td>
<td>N/A</td>
<td>Implemented</td>
<td>$269,809</td>
<td>$274,076</td>
</tr>
</tbody>
</table>

NOTE 14 – PERMANENTLY AND TEMPORARILY RESTRICTED NET ASSETS

Permanently restricted net assets:

Endowment funds consist of donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.
NOTE 14 – PERMANENTLY AND TEMPORARILY RESTRICTED NET ASSETS (Continued)

The Board of Trustees of JBFCS has adopted the New York Prudent Management of Institutional Funds Act (“NYPMIFA”). NYPMIFA moves away from the “historical dollar value” standard, and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. In accordance with NYPMIFA, JBFCS classifies as permanently restricted net assets, (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the JBFCS Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA. JBFCS recognizes that NYPMIFA creates a rebuttable presumption of imprudence if an organization appropriates more than 7% of a door-restricted permanent endowment fund’s fair value (averaged over a period of not less than preceding five years) in any year.

JBFCS has a policy of appropriating for distribution each year an amount not to exceed any deficit within the purpose for which any one fund is designated by its donor. JBFCS's investments include the permanently restricted endowment that must be held in perpetuity. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets with a moderate level of risk. To satisfy the long-term rate-of-return objective, JBFCS relies on a total return strategy in which investment returns are achieved both through capital appreciation and current yield. JBFCS employs a diversified asset allocation to achieve consistency of returns and to minimize risk. Interest earned in relation to the endowment funds is recorded as unrestricted, since it is appropriated and spent in the year it is earned.

JBFCS does not have any funds with deficiencies. Investments to be held in perpetuity total $6,565,209 in both 2015 and 2014. The income generated is expendable to support the general operating activities of JBFCS. During the years ended June 30, 2015 and 2014, $0 and $257,735, respectively, of unrestricted loss and income was earned from investments held under permanently restricted endowments and fully appropriated and expended.

The change in endowment net assets for the year ended June 30, 2015 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>2015 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment loss</td>
<td>($654,992)</td>
<td>-</td>
<td>($654,992)</td>
</tr>
<tr>
<td>Amount appropriated by the board</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance, beginning of year</td>
<td>691,924</td>
<td>6,565,209</td>
<td>7,257,133</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$36,932</td>
<td>$6,565,209</td>
<td>$6,602,141</td>
</tr>
</tbody>
</table>

The change in endowment net assets for the year ended June 30, 2014 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>2014 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment income</td>
<td>$949,659</td>
<td>-</td>
<td>$949,659</td>
</tr>
<tr>
<td>Amount appropriated by the board</td>
<td>(257,735)</td>
<td>-</td>
<td>(257,735)</td>
</tr>
<tr>
<td>Balance, beginning of year</td>
<td>-</td>
<td>6,565,209</td>
<td>6,565,209</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$691,924</td>
<td>$6,565,209</td>
<td>$7,257,133</td>
</tr>
</tbody>
</table>
NOTE 14 – PERMANENTLY AND TEMPORARILY RESTRICTED NET ASSETS (Continued)

Temporarily Restricted Net Assets:

As of June 30, 2015 and 2014, temporarily restricted net assets were restricted for the following purposes:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>$556,040</td>
<td>$576,135</td>
</tr>
<tr>
<td>Community services</td>
<td>10,140,177</td>
<td>2,588,762</td>
</tr>
<tr>
<td>Evaluation and education</td>
<td>650,420</td>
<td>9,951,728</td>
</tr>
<tr>
<td>Other</td>
<td>20,118</td>
<td>-</td>
</tr>
<tr>
<td>Shield programs</td>
<td>70,397</td>
<td>75,397</td>
</tr>
<tr>
<td>Unappropriated earnings</td>
<td>36,932</td>
<td>691,924</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$11,474,084</strong></td>
<td><strong>$13,883,946</strong></td>
</tr>
</tbody>
</table>

Net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>$ -</td>
<td>$2,798</td>
</tr>
<tr>
<td>Community services</td>
<td>1,140,524</td>
<td>94,048</td>
</tr>
<tr>
<td>Evaluation and education</td>
<td>867,493</td>
<td>-</td>
</tr>
<tr>
<td>Appropriated earnings</td>
<td>-</td>
<td>257,735</td>
</tr>
<tr>
<td>Other</td>
<td>8,000</td>
<td>8,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,016,017</strong></td>
<td><strong>$362,581</strong></td>
</tr>
</tbody>
</table>

NOTE 15 – COMMITMENTS AND CONTINGENCIES

A. The Organization has several operating lease agreements. Certain leases include rent escalations and periods of free rent. The difference between straight lining the rental charge and actual payments is reported as deferred rent. Annual minimum rentals payable for real and personal property, principally under long-term noncancellable operating leases expiring at varying dates through 2022, are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Real Property</th>
<th>Equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$18,295,000</td>
<td>$664,000</td>
<td>$18,959,000</td>
</tr>
<tr>
<td>2017</td>
<td>11,043,000</td>
<td>425,000</td>
<td>11,468,000</td>
</tr>
<tr>
<td>2018</td>
<td>6,520,000</td>
<td>219,000</td>
<td>6,739,000</td>
</tr>
<tr>
<td>2019</td>
<td>4,663,000</td>
<td>15,000</td>
<td>4,678,000</td>
</tr>
<tr>
<td>2020</td>
<td>3,272,000</td>
<td>-</td>
<td>3,272,000</td>
</tr>
<tr>
<td>Thereafter</td>
<td>1,992,000</td>
<td>-</td>
<td>1,992,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$45,785,000</strong></td>
<td><strong>1,323,000</strong></td>
<td><strong>$47,108,000</strong></td>
</tr>
</tbody>
</table>

Rent expense amounted to the following for the years ended June 30, 2015 and 2014:

<table>
<thead>
<tr>
<th>Year</th>
<th>Real property</th>
<th>Vehicles and equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$9,148,407</td>
<td>976,206</td>
</tr>
<tr>
<td>2014</td>
<td>$9,785,265</td>
<td>784,213</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$10,124,613</strong></td>
<td><strong>$10,569,478</strong></td>
</tr>
</tbody>
</table>

B. The Organization is subject to legal proceedings and claims which have arisen in the ordinary course of its business and which have not been fully adjudicated. Management does not believe there will be a material adverse effect upon the consolidated financial position of the Organization.
NOTE 15 – COMMITMENTS AND CONTINGENCIES (Continued)

C. The Organization receives a significant portion of its revenue for services provided from third-party government reimbursement agencies. These revenues are based on predetermined rates based on cost reimbursement principles and are subject to audit and retroactive adjustment by the government. The Organization, when appropriate, records an estimated liability to funding sources for excess reimbursement over allowable costs and underspending of interim rates. During the fiscal year ended June 30, 2010, an audit was initiated by the New York State Office of the Medicaid Inspector General (“OMIG”). JBFCS has not been contacted regarding this audit and, accordingly, the results are as yet not determinable.

JBFCS received in the form of additional Medicaid funding for its clinic and other related services called a Comprehensive Outpatient Services (“COPS”) add-on. The COPS add-on was derived from a formula calculated by the New York State Office of Mental Health (“OMH”). After certain revenue thresholds were achieved for some services, a COPS Medicaid liability became due for payments received in excess of those revenue amounts. Effective October 2013, the COPS funding was discontinued statewide and the final reconciliation is complete and JBFCS is currently awaiting further action including future repayment terms. As of June 30, 2015 and 2014, COPS liability included in due to funding sources amounted to approximately $5.8 million and $6.6 million, respectively.

The Organization receives certain funding for its programs in the form of operational grants, which usually run for a period of one year or longer. This support is restricted to operations within the terms of the grants and, accordingly, recognition of grant support is deferred until qualifying expenditures are incurred. Any excess of grant support over expenses incurred is recorded as due to funding sources.

D. The Organization believes it has no uncertain tax positions as of June 30, 2015 and 2014 in accordance with Accounting Standards Codification (“ASC”) Topic 740, “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions. The Organization believes it is no longer subject to federal or state and local income tax examinations by tax authorities for the years prior to June 30, 2011.

NOTE 16 – CONCENTRATIONS

A. Cash and cash equivalents that potentially subject the Organization to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Cash accounts are insured up to $250,000 per depositor. As of June 30, 2015 and 2014, there was approximately $13.6 million and $4.9 million, respectively of cash and cash equivalents held by banks that exceeded FDIC limits.

B. Certain of the Organization’s full-time employees are covered by collective bargaining agreements as of June 30, 2015. These agreements stipulate wage levels and differentials, participation in group benefits, multiemployer pension plans and certain agreements with regard to paid time off and leave policies, work hours and schedules, personnel policies and discipline. As of June 30, 2015 and 2014, the Organization estimated approximately 54% and 56% of its employees are covered under collective bargaining agreements, respectively.

NOTE 17 – SUBSEQUENT EVENTS

A. Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through December 8, 2015, the date the financial statements were issued.

B. JBFCS and the Shield executed a disaffiliation agreement effective October 15, 2015. As of June 30, 2015, the accompanying financial statements include Shield’s assets of approximately ($9 million), liabilities ($9.3 million) and net deficit ($300,000).
# Consolidating Schedules of Financial Position

**Jewish Board of Family and Children's Services, Inc. and Affiliates**

**As of June 30, 2015 and 2014**

**Assets**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$11,411,264</td>
<td>$2,507,121</td>
<td>$1,852,868</td>
<td>$1,599,876</td>
<td>$13,264,132</td>
<td>$4,106,997</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>33,931,158</td>
<td>27,055,224</td>
<td>3,461,883</td>
<td>3,644,098</td>
<td>37,393,041</td>
<td>30,699,322</td>
</tr>
<tr>
<td>Contributions receivables, net</td>
<td>2,263,761</td>
<td>3,450,648</td>
<td>41,386</td>
<td>82,850</td>
<td>2,305,147</td>
<td>3,533,498</td>
</tr>
<tr>
<td>Investments</td>
<td>114,717,952</td>
<td>121,010,085</td>
<td>-</td>
<td>-</td>
<td>114,717,952</td>
<td>121,010,085</td>
</tr>
<tr>
<td>Deferred charges and other assets</td>
<td>7,350,692</td>
<td>2,791,948</td>
<td>276,188</td>
<td>228,176</td>
<td>7,626,880</td>
<td>3,020,124</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>49,060,357</td>
<td>50,124,587</td>
<td>3,429,373</td>
<td>3,529,336</td>
<td>52,489,730</td>
<td>53,653,923</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$218,735,184</strong></td>
<td><strong>$206,939,613</strong></td>
<td><strong>$9,061,698</strong></td>
<td><strong>$9,084,336</strong></td>
<td><strong>$227,796,882</strong></td>
<td><strong>$216,023,949</strong></td>
</tr>
</tbody>
</table>

**Liabilities**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts and accrued expenses payable</td>
<td>$6,469,940</td>
<td>$3,571,811</td>
<td>$928,204</td>
<td>$898,941</td>
<td>$7,398,144</td>
<td>$4,470,752</td>
</tr>
<tr>
<td>Accrued salaries and related benefits</td>
<td>6,478,579</td>
<td>4,925,556</td>
<td>413,804</td>
<td>333,235</td>
<td>6,892,383</td>
<td>5,258,791</td>
</tr>
<tr>
<td>Accrued vacation</td>
<td>5,371,963</td>
<td>5,955,282</td>
<td>511,785</td>
<td>515,463</td>
<td>5,883,748</td>
<td>6,470,745</td>
</tr>
<tr>
<td>Accrued pension and postretirement benefits</td>
<td>10,818,276</td>
<td>10,451,712</td>
<td>3,721,350</td>
<td>2,276,834</td>
<td>14,539,626</td>
<td>12,728,546</td>
</tr>
<tr>
<td>Other pension liabilities</td>
<td>2,657,416</td>
<td>2,686,523</td>
<td>-</td>
<td>-</td>
<td>2,657,416</td>
<td>2,686,523</td>
</tr>
<tr>
<td>Deferred rent</td>
<td>1,710,856</td>
<td>1,959,559</td>
<td>481,213</td>
<td>693,540</td>
<td>2,192,069</td>
<td>2,653,099</td>
</tr>
<tr>
<td>Due to funding sources and deferred revenues</td>
<td>27,839,290</td>
<td>19,356,327</td>
<td>335,615</td>
<td>458,548</td>
<td>28,174,905</td>
<td>19,814,875</td>
</tr>
<tr>
<td>Bank lines of credit</td>
<td>15,500,000</td>
<td>8,200,000</td>
<td>-</td>
<td>-</td>
<td>15,500,000</td>
<td>8,200,000</td>
</tr>
<tr>
<td>Bonds payable</td>
<td>13,985,000</td>
<td>14,340,000</td>
<td>-</td>
<td>-</td>
<td>13,985,000</td>
<td>14,340,000</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>10,597,665</td>
<td>11,491,719</td>
<td>2,970,205</td>
<td>3,126,532</td>
<td>13,567,870</td>
<td>14,618,251</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>101,428,985</strong></td>
<td><strong>82,938,489</strong></td>
<td><strong>9,362,176</strong></td>
<td><strong>8,303,093</strong></td>
<td><strong>110,791,161</strong></td>
<td><strong>91,241,582</strong></td>
</tr>
</tbody>
</table>

**Unrestricted**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested in property and equipment</td>
<td>24,477,692</td>
<td>24,292,868</td>
<td>459,168</td>
<td>402,804</td>
<td>24,936,860</td>
<td>24,695,672</td>
</tr>
<tr>
<td>Available for operations</td>
<td>74,859,611</td>
<td>79,334,498</td>
<td>(830,043)</td>
<td>303,042</td>
<td>74,029,568</td>
<td>79,637,540</td>
</tr>
<tr>
<td>Total unrestricted</td>
<td>99,337,303</td>
<td>103,627,367</td>
<td>(370,875)</td>
<td>705,846</td>
<td>98,966,426</td>
<td>104,333,212</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>11,403,687</td>
<td>13,808,549</td>
<td>70,397</td>
<td>75,397</td>
<td>11,474,084</td>
<td>13,883,946</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>6,565,209</td>
<td>6,565,209</td>
<td>-</td>
<td>-</td>
<td>6,565,209</td>
<td>6,565,209</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS (DEFICIT)</strong></td>
<td><strong>117,306,199</strong></td>
<td><strong>124,001,124</strong></td>
<td>(300,478)</td>
<td>781,243</td>
<td><strong>117,005,721</strong></td>
<td><strong>124,782,367</strong></td>
</tr>
</tbody>
</table>

**Total Liabilities and Net Assets**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td><strong>$218,735,184</strong></td>
<td><strong>$206,939,613</strong></td>
<td><strong>$9,061,698</strong></td>
<td><strong>$9,084,336</strong></td>
<td><strong>$227,796,882</strong></td>
<td><strong>$216,023,949</strong></td>
</tr>
</tbody>
</table>

See independent auditors' report.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program services fees</strong></td>
<td>18,459,073</td>
<td>16,459,073</td>
</tr>
<tr>
<td><strong>Contributions</strong></td>
<td>2,685,359</td>
<td>3,885,521</td>
</tr>
<tr>
<td><strong>Philanthropies of New York, Inc.</strong></td>
<td>6,589,491</td>
<td>6,537,564</td>
</tr>
<tr>
<td><strong>Donated services</strong></td>
<td>387,456</td>
<td>298,838</td>
</tr>
<tr>
<td><strong>Rentals and other income</strong></td>
<td>612,145</td>
<td>1,084,565</td>
</tr>
<tr>
<td><strong>Net assets released from restrictions</strong></td>
<td>2,011,017</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING REVENUE AND SUPPORT</strong></td>
<td>177,734,879</td>
<td>168,756,091</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPERATING EXPENSES</th>
<th>Year Ended June 30, 2015</th>
<th>Year Ended June 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Residential</strong></td>
<td>91,914,123</td>
<td>88,484,231</td>
</tr>
<tr>
<td><strong>Community services</strong></td>
<td>62,164,257</td>
<td>70,760,781</td>
</tr>
<tr>
<td><strong>Evaluation and education</strong></td>
<td>3,207,629</td>
<td>12,687,865</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td>176,873,494</td>
<td>187,866,977</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHANGE IN TOTAL NET ASSETS</th>
<th>Year Ended June 30, 2015</th>
<th>Year Ended June 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CHANGE IN NET ASSETS FROM OPERATIONS</strong></td>
<td>1,081,030</td>
<td>216,619,699</td>
</tr>
<tr>
<td><strong>NON-OPERATING ACTIVITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income over amounts used for operations</td>
<td>(5,219,616)</td>
<td>(5,874,608)</td>
</tr>
<tr>
<td>Write-off of unamortized bond issuance costs</td>
<td>(5,219,616)</td>
<td>(5,874,608)</td>
</tr>
<tr>
<td>Gain on sale of building</td>
<td>(5,219,616)</td>
<td>(5,874,608)</td>
</tr>
<tr>
<td><strong>TOTAL NON-OPERATING ACTIVITIES:</strong></td>
<td>(5,219,616)</td>
<td>(5,874,608)</td>
</tr>
<tr>
<td><strong>CHANGE IN NET ASSETS BEFORE PENSION AND POSTRETIREMENT RELATED CHANGES</strong></td>
<td>(4,138,586)</td>
<td>(3,040,706)</td>
</tr>
<tr>
<td><strong>Pension and postretirement related changes other than net periodic costs</strong></td>
<td>(131,477)</td>
<td>(2,326,016)</td>
</tr>
<tr>
<td><strong>Gain on curtailment of pension plans</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Recapitalizations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CHANGE IN TOTAL NET ASSETS</strong></td>
<td>(4,270,063)</td>
<td>(3,040,706)</td>
</tr>
<tr>
<td><strong>NET ASSETS - END OF YEAR</strong></td>
<td>103,627,366</td>
<td>124,001,124</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CONSOLIDATED TOTAL</th>
<th>Year Ended June 30, 2015</th>
<th>Year Ended June 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUE AND SUPPORT:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL OPERATING REVENUE AND SUPPORT</strong></td>
<td>177,734,879</td>
<td>168,756,091</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td>176,873,494</td>
<td>187,866,977</td>
</tr>
<tr>
<td><strong>CHANGE IN TOTAL NET ASSETS</strong></td>
<td>1,081,030</td>
<td>216,619,699</td>
</tr>
<tr>
<td><strong>NET ASSETS - END OF YEAR</strong></td>
<td>103,627,366</td>
<td>124,001,124</td>
</tr>
</tbody>
</table>

See independent auditors' report.
## JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES INC.

### Schedule of Functional Expenses

**For the Year Ended June 30, 2015**

(With Comparative Totals for 2014)

<table>
<thead>
<tr>
<th></th>
<th>Residential</th>
<th>Community</th>
<th>Total Program Services</th>
<th>Management &amp; General</th>
<th>Public Relations</th>
<th>Fundraising</th>
<th>Total Supporting Services</th>
<th>Total 2015</th>
<th>Total 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$47,081,851</td>
<td>$36,749,013</td>
<td>$1,606,421</td>
<td>$85,439,285</td>
<td>$7,594,731</td>
<td>$318,422</td>
<td>$565,812</td>
<td>$8,478,965</td>
<td>$93,918,250</td>
</tr>
<tr>
<td>Payroll taxes and employee benefits</td>
<td>15,980,725</td>
<td>12,032,795</td>
<td>504,192</td>
<td>28,517,128</td>
<td>2,758,874</td>
<td>103,615</td>
<td>258,452</td>
<td>3,120,941</td>
<td>31,638,653</td>
</tr>
<tr>
<td><strong>Total Personnel Costs</strong></td>
<td>63,062,576</td>
<td>48,781,808</td>
<td>2,112,613</td>
<td>113,956,997</td>
<td>31,638,653</td>
<td>126,053</td>
<td>824,264</td>
<td>11,599,906</td>
<td>120,858,571</td>
</tr>
<tr>
<td>Consulting and professional fees</td>
<td>1,340,871</td>
<td>1,405,320</td>
<td>474,868</td>
<td>3,221,059</td>
<td>2,362,289</td>
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<td>4,609,082</td>
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<tr>
<td>Recruiting</td>
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<td>47,376</td>
<td>1,246</td>
<td>106,633</td>
<td>103,615</td>
<td>2,112,613</td>
<td>2,112,613</td>
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<td>340,826</td>
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<tr>
<td>Other contract services</td>
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<td>1,246</td>
<td>217,873</td>
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<td>277,646</td>
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<td>Telephone</td>
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<td>206,575</td>
<td>6,450</td>
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<td>958,373</td>
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<tr>
<td>Postage and shipping</td>
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<td>20,859</td>
<td>620</td>
<td>55,966</td>
<td>55,966</td>
<td>111,932</td>
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<td>Occupancy</td>
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<td>9,917,180</td>
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<td>19,834,369</td>
<td>19,834,369</td>
<td>19,834,369</td>
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<td>Equipment rental</td>
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<td>744,400</td>
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<tr>
<td>Vehicle expenses</td>
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<td>50,769</td>
<td>1,906</td>
<td>899,763</td>
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<td>179,532</td>
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<tr>
<td>Outside print &amp; artwork</td>
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<td>620</td>
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<td>Conferences and conventions</td>
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<td>104,110</td>
<td>1,661</td>
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<td>260,440</td>
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<td>Specific assistance</td>
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<td>10,615</td>
<td>12,079,238</td>
<td>12,079,238</td>
<td>243,519</td>
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<tr>
<td>Membership dues</td>
<td>99,613</td>
<td>237,191</td>
<td>1,496</td>
<td>338,290</td>
<td>338,290</td>
<td>676,481</td>
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<tr>
<td>Repairs and maintenance</td>
<td>1,293,453</td>
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<td>10,892</td>
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<td>1,561,738</td>
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<tr>
<td>Interest</td>
<td>678,661</td>
<td>106,218</td>
<td>1,246</td>
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<td>General insurance</td>
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<td>685,176</td>
<td>38,845</td>
<td>2,394,386</td>
<td>2,394,386</td>
<td>4,788,771</td>
<td>4,788,771</td>
<td>4,788,771</td>
<td>4,788,771</td>
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<tr>
<td>Depreciation and amortization</td>
<td>2,501,739</td>
<td>1,170,217</td>
<td>152,810</td>
<td>3,824,766</td>
<td>3,824,766</td>
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<td>7,649,582</td>
<td>7,649,582</td>
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<tr>
<td>Bad debt expense</td>
<td>309,551</td>
<td>1,277,249</td>
<td>1,586,800</td>
<td>1,586,800</td>
<td>1,586,800</td>
<td>3,173,649</td>
<td>3,173,649</td>
<td>3,173,649</td>
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<tr>
<td>Miscellaneous</td>
<td>58,883</td>
<td>56,145</td>
<td>451</td>
<td>115,479</td>
<td>115,479</td>
<td>230,624</td>
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</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$91,914,123</td>
<td>$62,184,257</td>
<td>$3,207,629</td>
<td>$157,308,009</td>
<td>$17,640,223</td>
<td>$595,348</td>
<td>$1,132,269</td>
<td>$19,367,840</td>
<td>$176,673,849</td>
</tr>
</tbody>
</table>
# SHIELD OF DAVID, INC. d/b/a THE SHIELD INSTITUTE

## SCHEDULE OF FUNCTIONAL EXPENSES

### FOR THE YEAR ENDED JUNE 30, 2015

(With Comparative Totals for 2014)

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Supporting Services</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Clinics</td>
<td>Day Habilitation</td>
</tr>
<tr>
<td><strong>Salaries and wages</strong></td>
<td>1,292,810 $</td>
<td>5,929,049 $</td>
</tr>
<tr>
<td>Payroll taxes &amp; employee benefits</td>
<td>579,531 $</td>
<td>2,387,695 $</td>
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<tr>
<td><strong>Total Personnel Costs</strong></td>
<td>1,871,341 $</td>
<td>8,316,744 $</td>
</tr>
<tr>
<td>Consulting and professional fees</td>
<td>1,083,078 $</td>
<td>314,759 $</td>
</tr>
<tr>
<td>Recruiting</td>
<td>-</td>
<td>21,778 $</td>
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<tr>
<td>Other contract services</td>
<td>1,690 $</td>
<td>10,785 $</td>
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<tr>
<td>Outside printing and artwork</td>
<td>1,795 $</td>
<td>6,158 $</td>
</tr>
<tr>
<td>Staff travel and other</td>
<td>5,586 $</td>
<td>31,039 $</td>
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<tr>
<td>Conferences, conventions, meetings and major trips</td>
<td>11,986 $</td>
<td>21,029 $</td>
</tr>
<tr>
<td>Specific assistance to individuals (transportation)</td>
<td>1,384 $</td>
<td>2,607,726 $</td>
</tr>
<tr>
<td>Membership dues and support payments</td>
<td>680 $</td>
<td>7,445 $</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>9,313 $</td>
<td>122,066 $</td>
</tr>
<tr>
<td>Interest</td>
<td>5,844 $</td>
<td>32,944 $</td>
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<tr>
<td>Depreciation and amortization</td>
<td>16,033 $</td>
<td>161,798 $</td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Food, facility and entertainment</td>
<td>715 $</td>
<td>32,640 $</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>3,019 $</td>
<td>13,591 $</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>3,075,876 $</td>
<td>14,488,658 $</td>
</tr>
</tbody>
</table>

See independent auditors' report.