

**FERD AND GLADYS ALPERT JEWISH FAMILY & CHILDREN'S SERVICE
OF PALM BEACH COUNTY, INC. AND AFFILIATE**

COMBINED FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017



**FERD AND GLADYS ALPERT JEWISH FAMILY & CHILDREN'S SERVICE
OF PALM BEACH COUNTY, INC. AND AFFILIATE**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ferd and Gladys Alpert Jewish Family & Children's Service
of Palm Beach County, Inc. and Affiliate

Report on Combined Financial Statements

We have audited the accompanying combined financial statements of Ferd and Gladys Alpert Jewish Family & Children's Service of Palm Beach County, Inc. and Affiliate (the "Organization"), a Florida non-profit organization, which comprise the combined statements of financial position as of June 30, 2018 and 2017, and the related combined statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Ferd and Gladys Alpert Jewish Family & Children's Service of Palm Beach County, Inc. and Affiliate as of June 30, 2018 and 2017, and the combined results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

An independent member of Baker Tilly International

To the Board of Directors
Ferd and Gladys Alpert Jewish Family & Children's Service
of Palm Beach County, Inc. and Affiliate
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Other Matter

Our audits were conducted for the purpose of forming an opinion on the basic combined financial statements of the Organization taken as a whole. The accompanying supplemental schedules on pages 26-29 are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Morrison, Brown, Aziz & Fama

Boca Raton, Florida
January 15, 2019

**FERD AND GLADYS ALPERT JEWISH FAMILY & CHILDREN'S SERVICE
OF PALM BEACH COUNTY, INC. AND AFFILIATE**

COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30,

ASSETS	2018	2017
CURRENT ASSETS		
Cash (including \$675,000 of board designated cash at at June 30, 2018 and June 30, 2017)	\$ 877,578	\$ 802,717
Restricted cash	343,591	297,504
Accounts receivable:		
Jewish Federation of Palm Beach County, Inc.	491,311	472,454
Client charges, net	319,939	233,188
Grants	914,302	828,485
United Way of Palm Beach County, Inc.	76,000	96,921
Promises to give, net	180,983	295,139
Prepaid expenses and other assets	<u>120,974</u>	<u>160,321</u>
TOTAL CURRENT ASSETS	3,324,678	3,186,729
PROMISES TO GIVE, NET OF DISCOUNT AND CURRENT PORTION	346,780	483,215
INVESTMENTS	131,510	121,346
PROPERTY AND EQUIPMENT, NET	<u>3,575,733</u>	<u>3,789,197</u>
TOTAL ASSETS	<u>\$ 7,378,701</u>	<u>\$ 7,580,487</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,840,101	\$ 1,459,524
Deferred revenue	278,906	251,254
Note payable	<u>85,892</u>	<u>82,318</u>
TOTAL CURRENT LIABILITIES	2,204,899	1,793,096
NOTE PAYABLE, NET OF CURRENT PORTION	<u>2,676,457</u>	<u>2,756,885</u>
TOTAL LIABILITIES	<u>4,881,356</u>	<u>4,549,981</u>
NET ASSETS		
Unrestricted:		
Undesignated	572,452	776,086
Board Designated	<u>675,000</u>	<u>675,000</u>
Total Unrestricted	1,247,452	1,451,086
Temporarily restricted	1,129,893	1,459,420
Permanently restricted	<u>120,000</u>	<u>120,000</u>
TOTAL NET ASSETS	<u>2,497,345</u>	<u>3,030,506</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,378,701</u>	<u>\$ 7,580,487</u>

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

**FERD AND GLADYS ALPERT JEWISH FAMILY & CHILDREN'S SERVICE
OF PALM BEACH COUNTY, INC. AND AFFILIATE**

COMBINED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUES:								
Contributions from Federation	\$ 195,000	\$ 590,620	\$ -	\$ 785,620	\$ 195,000	\$ 603,620	\$ -	\$ 798,620
Contributions	2,083,608	44,983	-	2,128,591	1,903,704	119,139	120,000	2,142,843
Fundraising	572,637	-	-	572,637	435,351	-	-	435,351
Contracts and grants	640,097	-	-	640,097	953,157	-	-	953,157
Claims Conference grant revenue	3,625,173	-	-	3,625,173	2,803,151	-	-	2,803,151
Patient service revenue, net	3,814,471	-	-	3,814,471	3,941,067	-	-	3,941,067
Rental income	22,291	-	-	22,291	91,073	-	-	91,073
Gain on sale of real estate held for sale	-	-	-	-	458,271	-	-	458,271
Investment income, net	-	10,164	-	10,164	-	1,346	-	1,346
Other	159,436	-	-	159,436	98,821	-	-	98,821
Net assets released from restrictions	975,294	(975,294)	-	-	771,123	(771,123)	-	-
TOTAL PUBLIC SUPPORT AND REVENUES	12,088,007	(329,527)	-	11,758,480	11,650,718	(47,018)	120,000	11,723,700
EXPENSES:								
Program services:								
Community services	810,485	-	-	810,485	427,992	-	-	427,992
Long-term care	5,239,613	-	-	5,239,613	4,696,895	-	-	4,696,895
Behavioral health	1,663,288	-	-	1,663,288	1,758,745	-	-	1,758,745
Residential	2,440,270	-	-	2,440,270	2,517,467	-	-	2,517,467
TOTAL PROGRAM SERVICES	10,153,656	-	-	10,153,656	9,401,099	-	-	9,401,099
Support services:								
Fundraising and development	1,036,298	-	-	1,036,298	992,332	-	-	992,332
Management and general	1,101,687	-	-	1,101,687	916,063	-	-	916,063
TOTAL SUPPORT SERVICES	2,137,985	-	-	2,137,985	1,908,395	-	-	1,908,395
TOTAL EXPENSES	12,291,641	-	-	12,291,641	11,309,494	-	-	11,309,494
CHANGE IN NET ASSETS	(203,634)	(329,527)	-	(533,161)	341,224	(47,018)	120,000	414,206
NET ASSETS AT BEGINNING OF YEAR	1,451,086	1,459,420	120,000	3,030,506	1,109,862	1,506,438	-	2,616,300
NET ASSETS AT END OF YEAR	\$ 1,247,452	\$ 1,129,893	\$ 120,000	\$ 2,497,345	\$ 1,451,086	\$ 1,459,420	\$ 120,000	\$ 3,030,506

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

**FERD AND GLADYS ALPERT JEWISH FAMILY & CHILDREN'S SERVICE
OF PALM BEACH COUNTY, INC. AND AFFILIATE**

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (533,161)	\$ 414,206
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	241,508	244,714
Amortization of deferred loan costs	5,476	5,251
Uncollectible client charges	5,194	76,509
Net realized and unrealized gains on investments	(7,721)	(1,189)
Accretion of discount on promises to give	(16,216)	(23,388)
Gain on sale of real estate held for sale	-	(458,271)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Restricted cash	(46,087)	(154,682)
Accounts receivable	91,109	440,357
Prepaid expenses and other assets	39,347	(71,952)
Increase (decrease) in:		
Accounts payable and accrued expenses	380,577	(10,468)
Deferred revenue	27,652	21,184
TOTAL ADJUSTMENTS	720,839	68,065
NET CASH PROVIDED BY OPERATING ACTIVITIES	187,678	482,271
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of real estate held for sale	-	675,000
Purchases of property and equipment	(28,044)	(12,059)
Purchases of investments held at the Federation	(2,443)	(120,157)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(30,487)	542,784
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments on line of credit	(2,695,000)	(2,245,000)
Proceeds from line of credit	2,695,000	2,030,000
Repayments on note payable	(82,330)	(78,460)
NET CASH USED IN FINANCING ACTIVITIES	(82,330)	(293,460)
NET INCREASE IN CASH	74,861	731,595
CASH - BEGINNING OF YEAR	802,717	71,122
CASH - END OF YEAR	\$ 877,578	\$ 802,717
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ 136,525	\$ 137,088

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

**FERD AND GLADYS ALPERT JEWISH FAMILY & CHILDREN'S SERVICE
OF PALM BEACH COUNTY, INC. AND AFFILIATE**

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services				Total Program Services	Support Services		Total
	Community Services	Long-Term Care	Behavioral Health	Residential		Fundraising and Development	Management and General	
Salaries and Benefits								
Salaries	\$ 499,704	\$ 1,490,951	\$ 1,159,589	\$ 1,200,958	\$ 4,351,202	\$ 579,650	\$ 1,134,212	\$ 6,065,064
Payroll taxes and benefits	89,980	237,515	189,940	297,827	815,262	93,012	112,975	1,021,249
Total Salaries and Benefits	<u>589,684</u>	<u>1,728,466</u>	<u>1,349,529</u>	<u>1,498,785</u>	<u>5,166,464</u>	<u>672,662</u>	<u>1,247,187</u>	<u>7,086,313</u>
Operating Expenses								
Professional fees	8,850	31,965	28,971	49,611	119,397	6,829	20,271	146,497
Building and facilities	24,896	58,510	59,434	109,753	252,593	18,795	88,580	359,968
Depreciation and amortization	34,865	65,193	32,508	64,257	196,823	22,511	22,174	241,508
Insurance	9,947	18,949	18,763	81,369	129,028	6,422	33,006	168,456
Interest and bank fees	29,851	55,816	27,832	-	113,499	19,273	41,931	174,703
Program specific expenses	84,359	147,075	43,665	207,417	482,516	277,020	14,690	774,226
Rent	60,692	110,784	121,105	403,260	695,841	38,100	37,530	771,471
Special assistance to individuals	13,413	3,088,244	-	-	3,101,657	-	-	3,101,657
Supplies	15,298	49,365	38,702	-	103,365	13,378	19,570	136,313
Other operating expenses	-	-	-	25,818	25,818	932	2,875	29,625
Total Operating Expenses	<u>282,171</u>	<u>3,625,901</u>	<u>370,980</u>	<u>941,485</u>	<u>5,220,537</u>	<u>403,260</u>	<u>280,627</u>	<u>5,904,424</u>
Total Expenses	<u>871,855</u>	<u>5,354,367</u>	<u>1,720,509</u>	<u>2,440,270</u>	<u>10,387,001</u>	<u>1,075,922</u>	<u>1,527,814</u>	<u>12,990,737</u>
Intercompany eliminations	(61,370)	(114,754)	(57,221)	-	(233,345)	(39,624)	(426,127)	(699,096)
Net Functional Expenses	<u>\$ 810,485</u>	<u>\$ 5,239,613</u>	<u>\$ 1,663,288</u>	<u>\$ 2,440,270</u>	<u>\$ 10,153,656</u>	<u>\$ 1,036,298</u>	<u>\$ 1,101,687</u>	<u>\$ 12,291,641</u>

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

**FERD AND GLADYS ALPERT JEWISH FAMILY & CHILDREN'S SERVICE
OF PALM BEACH COUNTY, INC. AND AFFILIATE**

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services				Support Services			Total
	Community Services	Long-Term Care	Behavioral Health	Residential	Total Program Services	Fundraising and Development	Management and General	
Salaries and Benefits								
Salaries	\$ 244,794	\$ 1,661,187	\$ 1,251,903	\$ 1,184,690	\$ 4,342,574	\$ 583,352	\$ 892,633	\$ 5,818,559
Payroll taxes and benefits	35,957	260,896	195,972	291,834	784,659	89,158	62,052	935,869
Total Salaries and Benefits	<u>280,751</u>	<u>1,922,083</u>	<u>1,447,875</u>	<u>1,476,524</u>	<u>5,127,233</u>	<u>672,510</u>	<u>954,685</u>	<u>6,754,428</u>
Operating Expenses								
Professional fees	5,392	52,522	31,658	45,419	134,991	12,122	14,600	161,713
Building and facilities	14,525	71,649	63,840	112,316	262,330	18,095	89,258	369,683
Depreciation and amortization	21,038	72,359	37,289	69,980	200,666	22,190	21,858	244,714
Insurance	-	-	7,519	86,000	93,519	-	77,980	171,499
Interest and bank fees	19,338	66,515	34,276	-	120,129	20,397	47,818	188,344
Program specific expenses	42,133	161,759	39,810	304,242	547,944	216,984	14,053	778,981
Rent	36,120	126,902	127,739	403,344	694,105	38,100	37,530	769,735
Special assistance to individuals	18,250	2,331,252	300	-	2,349,802	-	-	2,349,802
Supplies	16,196	65,602	43,277	-	125,075	17,693	25,632	168,400
Other operating expenses	-	1,247	-	19,642	20,889	2,816	17,752	41,457
Total Operating Expenses	<u>172,992</u>	<u>2,949,807</u>	<u>385,708</u>	<u>1,040,943</u>	<u>4,549,450</u>	<u>348,397</u>	<u>346,481</u>	<u>5,244,328</u>
Total Expenses	<u>453,743</u>	<u>4,871,890</u>	<u>1,833,583</u>	<u>2,517,467</u>	<u>9,676,683</u>	<u>1,020,907</u>	<u>1,301,166</u>	<u>11,998,756</u>
Intercompany eliminations	(25,751)	(174,995)	(74,838)	-	(275,584)	(28,575)	(385,103)	(689,262)
Net Functional Expenses	<u>\$ 427,992</u>	<u>\$ 4,696,895</u>	<u>\$ 1,758,745</u>	<u>\$ 2,517,467</u>	<u>\$ 9,401,099</u>	<u>\$ 992,332</u>	<u>\$ 916,063</u>	<u>\$ 11,309,494</u>

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

**FERD AND GLADYS ALPERT JEWISH FAMILY & CHILDREN'S SERVICE
OF PALM BEACH COUNTY, INC. AND AFFILIATE**

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The combined financial statements include the combined accounts of Ferd and Gladys Alpert Jewish Family & Children's Service of Palm Beach County, Inc. ("JFCS") and its wholly owned subsidiary 5841 Corporate Way, LLC ("5841"), along with an affiliate, Melvin J. & Claire Levine Jewish Residential & Family Services of Palm Beach County, Inc. ("JRFS") (collectively, the "Organization"). The combined financial statements are presented on a combined basis due to the existence of common members on the Board of Directors between JFCS and JRFS and other factors. All intercompany balances and transactions have been eliminated.

JFCS is a not-for-profit organization, incorporated in the State of Florida in 1974. JFCS is a private, social service agency established to provide professional social work in the Jewish community and to contribute to the wellbeing of the general population. Its basic purpose is to administer services to strengthen family life, to aid the welfare of children and to promote the healthy social functioning of individuals.

5841 is a single-member LLC with JFCS as the sole member. 5841 is the owner of a commercial building and was established in April 2008 for the purpose of leasing office space for the corporate offices of JFCS, JRFS and other third parties.

JRFS is a not-for-profit organization, incorporated in the State of Florida in 1997. It was established to promote the establishment and operation of residential facilities, and to provide treatment and other services for the care of physically and mentally disabled adults.

JFCS derives its principal revenue and support from contracts, grants and allocations from the Jewish Federation of Palm Beach County, Inc. (the "Federation"), United Way and program services. JRFS derives its revenue from client fees and is supported by contributions. 5841 derives its revenue from rental fees.

The Organization relies on the continued support of the Federation in order to meet its financial commitments. The reduction of support from the Federation in future years could significantly impact the Organization's ability to provide program services.

Description of Programs

Community Services Division:

Community Directions, includes information and referral. The program answers more than 4,000 calls a year from community members seeking assistance with a range of personal and family needs. The professional staff assesses needs and makes the appropriate referrals within and outside of JFCS. This program also provides very minimal emergency financial assistance to members of the Jewish community who meet the JFCS criteria for financial aid.

The Ambassador Program, a subgroup of the Community Directions program, is a non-traditional, community-building peer-volunteer program, designed to build "Social Capital" by sharing knowledge, through the creation of a living-network-of-conversation and social action. The Ambassadors of each community determine what their own focus, assets and activities will be in their community's structure, for creating and maintaining "social capital."

Community Health Peer Support Initiative ("CHPSI") is a civic engagement model of intervention. Using a Stanford University evidence-based chronic disease self-management program ("CDSMP"), peers are trained to lead 6 week sessions where participants learn how to best self-manage their chronic conditions. A professional case manager assesses the potential participant's bio-psychosocial needs and works to remove barriers to self-management of chronic diseases. This model is funded by the Harry & Jeannette Weinberg Foundation, the Quantum Foundation and the Herbert Bearman Foundation.

**FERD AND GLADYS ALPERT JEWISH FAMILY & CHILDREN'S SERVICE
OF PALM BEACH COUNTY, INC. AND AFFILIATE**

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Programs (Continued)

Community Services Division (Continued):

Aging Mastery Program ("AMP") is based on the National Council on Aging's national program. It is a 10-week program offered to boomers throughout the year. It is a comprehensive and fun approach to living that celebrates the gift of longevity. The program combines goal setting, daily practices and peer support to help participants make meaningful changes in their lives. Central to the AMP philosophy is the belief that modest lifestyle changes can produce big results and that people can be empowered to cultivate health and longevity.

Second Acts for Strong Communities is an intergenerational volunteer program, linking volunteers with local synagogues/religious schools. Volunteers are screened, vetted and trained through JFCS and then matched with local synagogues to work within the religious schools directly with children.

Patient-Centered Outcomes Research Institute ("PCORI"). A program that uses peer-to-peer intervention, peer volunteer training, and overall program goal—to keep at-risk, older adults living independently in the community through support from, not dependence on, a peer supporter. This program's goal is to increase the ability of at-risk older adults to live independently in the community.

Miscellaneous Contracts include the Medical Alert systems program.

Long-Term Care Division:

Case Management is a core program of comprehensive clinical intervention primarily to seniors, but also to individuals and families coping with mental illness and other disabilities.

The ElderCare360 Program, a subgroup of the Case Management program, is offered as a "general contractor's" model to adult children who usually live out-of-state. The role of the care coordinator is to maintain and support both the elderly clients and the family members.

Respite, also known as Enhanced Companion, hires, screens, trains and supervises seniors and AmeriCorps members to provide frail elderly with in-home assistance, such as transportation, light housekeeping, companionship, grocery shopping and meal preparation.

AmeriCorps ("Legacy Corp") is a Federal Grant through the University of Maryland. Members participate in the Enhanced Companion program by providing in-home assistance to seniors in the Respite program. Each member must be 55-plus years old and "volunteer" 9 hours per week, for a total of 450 hours per year. They receive a monthly stipend through the grant.

Holocaust is funded by the Conference on Jewish Material Claims Against Germany, Inc. ("Claims Conference") and offers two primary services: case management and subsidized in-home care to survivors of the Holocaust. It also provides some limited emergency funds and assistance with filing claims.

Guardianship provides legal guardianship on a voluntary or court mandated basis for persons with diminished capacity. This program can also provide Medicaid planning, including the use of a Medicaid eligible pooled trust for Medicaid eligibility.

Behavioral Health Division:

Counseling provides professional psychotherapeutic services to individuals, couples, families and groups to cope with the stresses and challenges in their lives within a framework of Jewish values.

**FERD AND GLADYS ALPERT JEWISH FAMILY & CHILDREN'S SERVICE
OF PALM BEACH COUNTY, INC. AND AFFILIATE**

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Programs (Continued)

Behavioral Health Division (Continued):

Psychiatric provides psychiatric evaluation and treatment for adults and seniors. One full time board certified psychiatrist, as well as a team of psychologists, social workers, mental health counselors and case managers, are available to provide needed treatment. Services include evaluation and assessment, medication monitoring, psychotherapeutic and support services.

Domestic Abuse Program was established to provide services for Jewish families experiencing the effects of physical, emotional, financial and sexual abuse. Relationships & Decisions provides training of teens helping them to train other teens in safe dating. The program focuses on preventing dating abuse. Hebrew for "voices" ("KOLOT") is a committee of the agency and a coalition of Jewish organizations, synagogues, and individuals working as the outreach branch of the program. The efforts of KOLOT result in Jewish individuals and families contacting the agency to ask for help.

Mentoring 4 Kids is an individual mentoring program, partially funded by the United Way of Palm Beach County, designed to help children living in families where there has been a loss of a consistent caretaker.

Bereavement provides outreach services to individuals who are experiencing acute grief. Assessment for services is done in community settings such as synagogues and in-home. Support groups are administered at the offices on both campuses of the Jewish Community Center ("JCC") and various synagogues.

Mental Health First Aid is a public education program that introduces participants to risk factors and warning signs of mental illnesses, builds understanding of their impact, and overviews common supports. This 8-hour course uses role-playing and simulations to demonstrate how to offer initial help in a mental health crisis and connect persons to the appropriate professional, peer, social, and self-help care. The program also teaches the common risk factors and warning signs of specific types of illnesses, like anxiety, depression, substance use, bipolar disorder, and psychosis.

Residential Division:

Group Homes offers 2 group homes providing 24 hour care for 7 residents per home who have developmental disabilities, chronic mental illness or a significant impairment, and need constant supervision.

Apartment provides independent supportive living, offers residents the opportunity to live alone with supervision, while participating in social, recreational and life-skills instruction on a daily basis. Each resident lives in a spacious apartment within a larger apartment community of residents that are not participants of the program. Onsite supervision is provided 24 hours a day.

Life Planning is endowed by Melvin J.z'l and Claire Levine and is a program intended to reach out to and educate families with adult disabled children to help them begin or enhance their fiscal and social planning for these children's needs when the parent passes. Seminars are conducted on a range of subjects, including trusts, guardianship, socialization, case management, and housing options. The staff also evaluates requests for financial assistance from community members in financial need and authorizes assistance when appropriate. Individual consultation is available to help families with their planning needs, addressing the emotional challenges associated with this process.

Transportation provides transportation for the residents of the group home and apartment program to appointments, activities and jobs.

Basis of Accounting

The Organization prepares its combined financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

**FERD AND GLADYS ALPERT JEWISH FAMILY & CHILDREN'S SERVICE
OF PALM BEACH COUNTY, INC. AND AFFILIATE**

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Net assets and revenues, expenses, gains and losses are classified based on the existence of donor-imposed or time restrictions as follows:

Unrestricted – Undesignated net assets are free of donor imposed or time restrictions. This category includes all revenues, expenses, gains and losses that are not changes in permanently or temporarily restricted net assets. Board designated net assets are part of unrestricted net assets of the Organization whose use by the Organization is not limited by donor imposed stipulations. The Organization's Board has internally earmarked such funds for future capital improvements or endowments.

Restricted – net assets whose use by the Organization is limited by donor-imposed stipulations that either expire with the passage of time or that can be fulfilled or removed by actions of the Organization pursuant to those stipulations. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and are reported in the Combined Statements of Activities as "Net assets released from restrictions."

Permanently Restricted – net assets whose use by the Organization is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Revenue Recognition

Allocations

The Organization receives allocations from the Federation, under a beneficiary agency program, and from other unaffiliated not-for-profit organizations. Allocation revenue is recognized as temporarily restricted revenue when written documentation of the unconditional promise is made and received.

Contribution Revenue and Unconditional Promises to Give

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations about the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Combined Statements of Activities as "Net assets released from restrictions."

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contracts and Grants

The Organization receives contract funds from various social and governmental agencies. The amounts received under these grants and contracts are designated for specific purposes by the granting agencies. Grant and contract revenue is recognized when the allowable costs as defined by the individual grants or contracts are incurred and/or the unit of service has been performed. The Organization records advances at the start of each grant as a liability. Revenues and expenses, which are treated as reciprocal transactions, are recognized as the costs are incurred. Grants and contracts receivables at year end represent expenditures and/or units of service performed, which have not yet been reimbursed by the granting agency.

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OF PALM BEACH COUNTY, INC. AND AFFILIATE**

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JUNE 30, 2018 AND 2017

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Patient Service Revenue

The Organization has established a sliding fee schedule wherein the clients are expected to pay amounts based upon their individual financial ability. Client payments received in advance of the patient services are included in deferred revenue until the patient services are performed. Patient service revenues are recognized at the time services are provided by the Organization. Revenue is presented net of contractual adjustments.

Contractual adjustments result from the difference between the Organization's rates for services performed and reimbursements by government-sponsored healthcare programs and insurance companies for such services. Patient services rendered to Medicare program beneficiaries are reimbursed at a predictable rate with final settlement determined after an audit by the Medicare fiscal intermediary.

In-Kind Contributions

The Organization records the value of donated goods and facilities when there is an objective basis available to measure the value. Donated items are reflected as support in the accompanying combined financial statements at their fair market values at date of receipt.

Contributed Services

The Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs, fundraising campaigns and management that do not meet the criteria of specialized skills for combined financial statement recognition.

Cash and Cash Equivalents

The Organization considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents at June 30, 2018 and 2017.

Restricted Cash

Restricted cash represents cash restricted for specific clients as imposed by the clients, clients' fiduciaries, or judicial requirements, cash restricted for the Holocaust Program and allocations received in advance. Amounts restricted for these purposes at June 30, 2018 and 2017 were \$343,591 and \$297,504, respectively.

Investments

The Organizations investments are held and administered by the Federation. The Federation has a pooled investment strategy and a fund for income. The pooled investment strategy includes investments in a variety of mutual funds, hedge funds, government securities, equities, Israel Bonds and other types of investments. The income fund invests in bond funds and real asset funds. The monies held at the Federation are reflected as donor and board designated endowments (NOTE 7 and 12).

Investments held by the Federation are reported at their net asset value. Investment income or loss (including gains and losses on investments, interests and dividends) is included in the combined Statements of Activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Fair Value of Financial Instruments

Fair values of financial instruments are estimated using relevant market information and other assumptions. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular instruments. Changes in assumptions or in market conditions could significantly affect the estimates. The carrying amount of all financial assets and liabilities approximates fair value because of their short-term nature or market rates.

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NOTES TO COMBINED FINANCIAL STATEMENTS
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1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable, Net

Accounts receivable are reported at net realizable value and consist of amounts due from clients for counseling and other program services, insurance receivables for those services as well as monies due from various funding sources. The Organization's allowance for bad debts on client charges was approximately \$82,000 at June 30, 2018 and 2017. The allowance for bad debts is based, among other things, on the Organization's past collection experience and the impact of changes in the current economic conditions. Account balances are charged off against the allowance for doubtful accounts after all means of collection have been exhausted. Bad debt expense for the years ended June 30, 2018 and 2017 was approximately \$5,000 and \$77,000, respectively. For promises to give, grant receivables, Federation receivables and United Way receivables, the Organization estimates that the full amount is collectible; therefore, no provision for estimated uncollectible amounts is required for these receivables.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets primarily represent amounts paid in advance for rent and insurance that benefit future periods.

Deferred Loan Costs, Net

Deferred loan costs are recorded at cost and are amortized using the effective interest method over the term of the related note payable. The balance of deferred loan costs, net as of June 30, 2018 and 2017 was approximately \$36,000 and \$41,000, respectively. Amortization expense, which is included in the caption "interest and bank fees" on the accompanying Combined Statements of Functional Expenses, totaled approximately \$5,000 for each of the years ended June 30, 2018 and 2017.

As permitted by U.S. GAAP, the Organization elected an accounting alternative which allows deferred loan costs to be netted against the related liability. These deferred loan costs are netted against the long term portion of the note payable on the accompanying Combined Statements of Financial Position.

Investment in Real Estate Held for Sale

The Organization held an investment in vacant land contributed by a donor. The investment in real estate was carried at cost on the Combined Statements of Financial Position. Investment in real estate is classified as held for sale when management intends to sell such investment within 12 months and other criteria under authoritative guidance are met. During the year ended June 30, 2017, the Organization sold the property for approximately \$675,000 which resulted in the gain on disposal of land of approximately \$458,000 as reflected in the Combined Statements of Activities.

Donated Works of Art

Contributions of works of art and similar assets have been recognized at their estimated fair value at the date of receipt based upon independent appraisals. Contributions of works of art are reflected in the Combined Statements of Financial Position within the caption "Property and equipment, net" and the Combined Statements of Activities within the caption "In-kind Contributions" when received. As of June 30, 2018 and 2017 the total donated works of art reflected in the Combined Statements of Financial Position were approximately \$158,000.

Property and Equipment, Net

Property and equipment is recorded at cost at the date of purchase, or, if donated, at the estimated fair value at the date of donation. The Organization's capitalization policy requires individual assets to be capitalized if the original cost or fair value at date of donation exceeds \$1,000. Depreciation and amortization is charged to operations over the estimated service lives of property and equipment on an accelerated method or straight-line basis. Additionally, consistent with the accepted practice for land, depreciation is not recognized on individual works of art. Repairs and maintenance are charged to expense as incurred.

The estimated useful lives used in determining depreciation and amortization are:

Buildings and improvements	10 - 39 years
Equipment	5 - 10 years
Vehicles	5 years

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1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net (Continued)

The carrying value of long-lived assets is reviewed if the facts and circumstances, such as significant declines in revenues, earnings or cash flows indicate that they may be impaired. If any impairment in the value of the long-lived assets is indicated, the carrying value of the long-lived assets is adjusted to reflect such impairment based on the fair value of the impaired assets or an estimate of fair value based on discounted cash flows.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Combined Statements of Functional Expenses. The majority of expenses can be directly identified with the program services to which they relate and are charged accordingly. The remaining expenses have been allocated among the programs and support services benefited.

Income Taxes

JFCS and JRFS are exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code") and sales and use tax under the laws of the State of Florida. 5841 is a single member LLC; accordingly, 5841 is a disregarded entity for tax purposes.

The Organization recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction and the State of Florida jurisdiction are the major tax jurisdictions where the Organization files income tax returns. The Organization is generally no longer subject to U.S. Federal or state examinations by tax authorities for years before 2015.

Accounting Estimates

The preparation of combined 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 disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk

The Organization maintains cash balances with a financial institution in South Florida. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. Although cash balances may exceed federally insured limits at times during the year, the Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Concentrations of Promises to Give, Contributions and Grants

As of June 30, 2018 and 2017, one donor accounted for approximately 95% and 80%, respectively, of promises to give.

During the years ended June 30, 2018 and 2017, Claims Conference revenues accounted for approximately 31% and 24%, respectively, of total public support and revenues. As of June 30, 2018, the related Claims Conference receivables accounted for approximately 44% and 40% of accounts receivable as of June 30, 2018 and 2017, respectively.

See NOTE 8 for concentrations related to the Federation.

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NOTES TO COMBINED FINANCIAL STATEMENTS
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1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adopted Accounting Pronouncement

Fair Value Measurement

In May 2015, the Financial Accounting Standards Board ("FASB") issued an accounting standards update that removes the requirement to include investments in the fair value hierarchy for which fair value is measured at net asset value ("NAV") using the practical expedient. The update also changes certain disclosure requirements. The update is effective retrospectively for fiscal years beginning after December 15, 2016 and interim periods within those fiscal years. The Organization has applied the provisions retrospectively. As a result of adoption and retrospective application a separate Fair Value Measurement footnote was not required as all of the Organization's Investments are valued at NAV. There were no material effects on the combined Statements of Financial Position or the combined Statements of Activities.

Recent Accounting Pronouncements

Revenue From Contracts With Customers

In May 2014, the FASB issued an accounting standards update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity. The update is to be applied to the beginning of the year of implementation or retrospectively and is effective for annual periods beginning after December 15, 2018 and in interim periods in annual periods beginning after December 15, 2019. Early application is permitted, but no earlier than annual reporting periods beginning after December 15, 2016. The Organization is currently evaluating the effect the update will have on its combined financial statements.

Lease Accounting

In February 2016, the FASB issued an accounting standards update which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases now currently off-balance sheet under current U.S. GAAP. Accounting by lessors remains largely unchanged from current U.S. GAAP. The update is effective using a modified retrospective approach for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020, with early application permitted. The Organization is currently evaluating the effect the update will have on its combined financial statements.

Presentation of Financial Statements of Not-for-Profit Entities

In August 2016, the FASB issued an accounting standards update which aims to improve information provided to creditors, donors, grantors, and others while also reducing complexity and costs. The update is the first phase of a project regarding not-for-profits which aims to improve and simplify net asset classification requirements and improve the information presented and disclosed in combined financial statements about liquidity, cash flows, and financial performance. The update is effective retrospectively for combined financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018, with earlier application permitted. The Organization is currently evaluating the effect the update will have on its combined financial statements.

Classification of Certain Cash Receipts and Cash Payments

In August 2016, the FASB issued an accounting standards update to reduce diversity in practice on eight specific statement of cash flows issues. The update is effective retrospectively for combined financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted. The Organization is currently evaluating the effect the update will have on its combined financial statements.

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1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

Restricted Cash

In November 2016, the FASB issued an accounting standards update which amends cash flow statement presentation of restricted cash. The update requires amounts generally described as restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the combined statements of cash flows. The update is effective retrospectively for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted. The Organization is currently evaluating the effect the update will have on its combined financial statements.

Accounting Guidance for Contributions Received and Contributions Made

In June 2018, the FASB issued an accounting standards update in an effort to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The FASB believes the update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of not-for-profit guidance, or as an exchange (reciprocal) transaction subject to other guidance and (2) determining whether a contribution is conditional or not. The update is effective on a modified prospective basis for fiscal years beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019, with early adoption permitted. The Organization is currently evaluating the potential accounting, transition, and disclosure effects the update will have on its combined financial statements.

Subsequent Events

The Organization has evaluated subsequent events through January 15, 2019, which is the date the combined financial statements were available to be issued.

Reclassification

Certain items in the 2017 combined financial statements were reclassified to conform to the 2018 presentation.

2. PROMISES TO GIVE, NET

Promises to give, net resulting from fundraising campaigns is summarized as follows at June 30,:

	2018	2017
Gross promises to give	\$ 580,983	\$ 847,789
Less: Discount on long-term promises to give	(53,220)	(69,435)
Promises to give, net	\$ 527,763	\$ 778,354

Promises to give with payment terms in excess of one year have been discounted using a discount rate of 4.00%. Promises to give are unsecured and are primarily from related parties and are restricted as to time and purpose.

Approximate gross promises to give as of June 30, 2018 are due as follows:

Years ending June 30,:

2019	\$ 180,983
2020	136,000
2021	136,000
2022	126,000
2023	1,000
Thereafter	1,000
	\$ 580,983

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NOTES TO COMBINED FINANCIAL STATEMENTS
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3. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following at June 30,:

	2018	2017
Land	\$ 670,716	\$ 670,716
Buildings and improvements	4,516,079	4,516,079
Equipment	514,221	486,178
Vehicles	341,388	341,388
Donated works of art	158,325	158,325
	6,200,729	6,172,686
Less: Accumulated depreciation and amortization	(2,624,996)	(2,383,489)
Property and equipment, net	\$ 3,575,733	\$ 3,789,197

Depreciation and amortization expense for the years ended June 30, 2018 and 2017 was approximately \$242,000 and \$245,000, respectively.

4. NOTE PAYABLE

Note payable consist of the following as of June 30,:

	2018	2017
In March 2014, the Organization entered into a \$3,125,000 promissory mortgage note payable with a financial institution. The interest rate for the first seven years of the term shall be fixed at 4.20%. The interest rate for the remaining three years of the term shall be adjusted to a rate of prime plus 0.75%. The interest rate of the loan shall never fall below 4.20%. The note is repayable in consecutive monthly installments of principal and interest based on a twenty-five year amortization. The initial monthly payments for the fixed term of the loan are \$16,951. The loan matures in March 2024, at which time all unpaid principal and interest shall be due. This note is collateralized by the 5841 Corporate Way building.	\$ 2,798,263	\$ 2,880,593
Less: current portion of note payable	(85,892)	(82,318)
Less: deferred loan costs	(35,914)	(41,390)
Note payable, net of current portion and deferred loan costs	\$ 2,676,457	\$ 2,756,885

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NOTES TO COMBINED FINANCIAL STATEMENTS
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4. NOTE PAYABLE (CONTINUED)

Future maturities of the note payable at June 30, 2018 are as follows:

For the years ending June 30,	
2019	\$ 85,892
2020	89,309
2021	78,229
2022	52,671
2023	56,060
Thereafter	<u>2,436,102</u>
	<u>\$ 2,798,263</u>

Interest charged to expense for the note payable for the years ended June 30, 2018 and 2017 was approximately \$127,000 and \$130,000, respectively.

5. LINE OF CREDIT

The Organization executed a line of credit agreement in December 2013 with a financial institution. In December 2014, the line of credit was extended and the credit limit was adjusted to \$500,000. Interest was payable monthly on the outstanding balance. At June 30, 2017, the interest rate was the Prime rate plus 0.75% or a minimum rate of 4.50%. In February 2018, the Organization extended the term of line of credit to expire on February 10, 2019, and adjusted the interest rate to Prime rate plus .50%, or a minimum rate of 5%. At June 30, 2018, and 2017, the interest rate on the line of credit was 5.25% and 5.00%, respectively. At June 30, 2018 and 2017 there was no outstanding balance due on the line of credit. For the years ended June 30, 2018 and 2017 interest expense on the line of credit was approximately \$8,000 and \$6,000, respectively. As of the date of these combined financial statements, there is no balance on the line of credit.

6. EMPLOYEE BENEFIT PLAN

The Organization sponsors a Tax Sheltered Annuity Plan (the "Plan") under Section 403(b) of the Code. The Plan allows employee elective deferrals up to a maximum of 100% of compensation, not to exceed the Code elective deferral limits. Effective January 1, 2009, the Plan was amended to eliminate the employer match provision.

The Plan also provides for employer discretionary contributions, made on behalf of the employee without regard to the amount of the elective deferral. The employer discretionary contribution is determined annually at the sole discretion of the employer. For the years ended June 30, 2018 and 2017, no employer discretionary contributions were made to the Plan.

7. INVESTMENTS

Investments consist of investments held and administered by the Federation. Investments are carried at net asset value ("NAV"). The Investments held at the Federation and valued at NAV have no unfunded commitments at June 30, 2018, and 2017. Additionally, there are no explicit restrictions on the redemptions of such investments.

Investments at net asset value consist of the following at June 30,:

	2018	2017
Investments held at Jewish Federation of Palm Beach County, Inc.	<u>\$ 131,510</u>	<u>\$ 121,346</u>

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7. INVESTMENTS (CONTINUED)

The following schedule summarizes the investment income, net for the years ended June 30,:

	<u>2018</u>	<u>2017</u>
Interest income	\$ 2,819	\$ 208
Net realized gains	788	1,189
Net unrealized gains	6,933	-
Fees	<u>(376)</u>	<u>(51)</u>
	<u>\$ 10,164</u>	<u>\$ 1,346</u>

8. TRANSACTIONS WITH THE JEWISH FEDERATION OF PALM BEACH COUNTY, INC.

For each of the years ended June 30, 2018 and 2017, the Organization recorded allocation revenue from the Federation of approximately \$515,000 as reflected within the Combined Statements of Activities within "Allocations."

To assist with the payment of the mortgage loan for the building owned by the Organization at 5841 Corporate Way, the Federation makes a conditional payment to the Organization in the amount of \$195,000 per year, as reflected in the Combined Statements of Activities within "Allocations." Payments began May 2008 and will continue for the shorter of 15 years or the duration of the mortgage.

Additionally, during each of the years ended June 30, 2018 and 2017, the Organization received approximately \$178,000, in revenue from the Federation's senior service subsidy program. The senior service subsidy monies are contingent upon need and are used to subsidize patient service fees; as such, senior service subsidy revenue is reflected in the Combined Statements of Activities as "Patient service revenue, net" when earned.

During each of the years ended June 30, 2018 and 2017, the total amount of allocated funds and senior subsidy program support received from the Federation totaled approximately \$888,000.

The Federation has endowment funds that distribute income to the Organization annually and will continue in perpetuity provided the Organization provides services consistent with the funds' designated purposes. These funds are assets of the Federation, and as such, are not included in the accompanying combined financial statements. As of June 30, 2018 and 2017, these balances were approximately \$3,746,000 and \$3,671,000, respectively. Income from the endowment funds was approximately \$256,000 and \$184,000 for the years ended June 30, 2018 and 2017, respectively.

Total receivables due from the Federation at June 30, 2018 and 2017 amounted to approximately \$491,000 and \$472,000, respectively. These receivables are due in less than one year. Revenue from the Federation, excluding donor directed contributions, represents approximately 6% of total revenue for each of the years ended June 30, 2018 and 2017.

9. OPERATING LEASES

Leases – Lessee

On May 1, 2006, the Organization entered into a sixty-four month lease for office space. Monthly rent ranged from \$12,218 to \$18,695 over the term of the lease. Simultaneous with the execution of the lease agreement, JFCS entered into an agreement with the Federation, whereby the Federation agreed to provide an allocation equal to the gross leasing expense, including specified annual increases. However, in April 2008, 5841 purchased the building referred to above, in which the Organization leased its office space. On April 11, 2008, JFCS entered into an open ended lease for office space beginning May 1, 2008 with 5841. Rent of \$25,000 is payable monthly. For each of the years ended June 30, 2018 and 2017, 5841 recorded rental income of \$300,000 and JFCS recorded rent expense of \$300,000. The rent revenue in 5841 and rent expense in JFCS is eliminated in the combined financial statements.

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9. OPERATING LEASES (CONTINUED)

Leases – Lessee (Continued)

In conjunction with the changes in the leasing arrangements referred to above, JFCS entered into a revised agreement with the Federation, whereby the Federation agreed to provide an annual allocation of \$195,000 for occupancy expenses for the shorter of fifteen years or the duration of the mortgage on the building (NOTE 8). Due to a certain contingency in the agreement, the Organization records the allocation for occupancy expense as time lapses and costs are incurred rather than at inception.

JRFS leases apartments on a month to month basis occupied by residents in the Organization's apartment program. Concurrent with the assumption of the lease, JRFS entered into an agreement with the residents for the rent amount charged by the landlord.

The Organization leases office space in Lake Worth, Florida from a third party through a non-cancelable operating lease agreement expiring on September 17, 2020. The monthly lease payments are made by two donors of the Organization. Additionally, the Organization leased office space in Palm Beach Gardens, Florida from a third party through a non-cancelable operating lease agreement which expires on December 31, 2019.

Approximate future minimum rental payments as of June 30, 2018 are as follows:

<u>Years ending June 30,</u>	
2019	\$ 83,000
2020	74,000
2021	<u>21,000</u>
	<u>\$ 178,000</u>

Rent expense for the years ended June 30, 2018 and 2017, pursuant to the above agreements was approximately \$368,000 and \$366,000, respectively.

Leases – Lessor

The Organization leases office space in the building to two tenants on a month to month basis. Rental income from these leases was approximately \$22,000 and \$91,000 for the years ended June 30, 2018 and 2017, respectively. Both of these tenants moved out during the year ended June 30, 2018.

10. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for time and purpose. The time restrictions will be met in future periods and the purpose restrictions will be met when the net assets are used for the specific purpose.

A portion of the total revenue of the Organization is received from the Federation. The Organization records the allocation for the next fiscal year as temporarily restricted support at the time of notification from the Federation. The anticipated allocation in each of the years ended June 30, 2018 and 2017 is \$514,620 and is recorded as temporarily restricted support. The Organization transfers this support to unrestricted net assets through net assets released from restrictions as the restriction is met.

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NOTES TO COMBINED FINANCIAL STATEMENTS
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10. TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

Temporarily restricted net assets consist of the following at June 30,:

	2018	2017
Appreciation on permanently restricted endowment	\$ 11,510	\$ 1,346
Restricted cash	-	76,100
Promises to give, net	527,763	778,354
Allocation from Federation	514,620	514,620
Allocation from United Way of Palm Beach, Inc.	76,000	89,000
	\$ 1,129,893	\$ 1,459,420

The promises to give are restricted for the following purposes at June 30,:

	2018	2017
Building	\$ -	\$ 7,000
Residential Activity Center	500,000	625,000
Other	80,983	215,789
	580,983	847,789
Less: Discount on long-term promises to give	(53,220)	(69,435)
	\$ 527,763	\$ 778,354

11. POOLED MEDICAID TRUST

On January 3, 2003, the Organization established The Declaration of Pooled Medicaid Trust of Ferd and Gladys Alpert Jewish Family & Children's Services of Palm Beach County, Inc. (the "Trust"). The Trust assists the disabled by making financial resources available for care while assisting in qualifying the individual for Medicaid. The value of the assets was \$8,587,000 and \$5,479,554 as of June 30, 2018 and 2017, respectively. The funds in Trust are the assets of the Trust for the primary benefit of the participants and as such, are not reflected in the accompanying combined financial statements. The Organization charges 1.75% per annum for the administration of the Trust. Revenues generated from the fee are split with the attorney that assists the Organization in administrating the Trust. Revenue recorded in the Combined Statements of Activities for the years ended June 30, 2018 and 2017 totaled approximately \$105,000 and \$71,000, respectively, and is reflected within the caption "Other."

Upon death, the participants in the Trust have the option to leave any remainder interest in the Trust to the beneficiaries of the Trust or have the residual interest distributed to the surviving descendants after all Medicaid liens have been satisfied.

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JUNE 30, 2018 AND 2017

12. ENDOWMENTS

During the year ended June 30, 2017, the Organization received donor-restricted endowment contributions from two separate donors. The Organization's endowments consist of funds established for a variety of purposes. Its endowments are comprised of donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA"). The Organization has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the FUPMIFA.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policy of the Organization

For the years ended June 30, 2018 and 2017, the Organization has elected not to add appreciation for cost of living or other spending policies to its permanently restricted endowment for inflation and other economic conditions.

Summary of Endowment Net Assets at June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 11,510	\$ 120,000	\$ 131,510

Summary of Endowment Net Assets at June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 1,346	\$ 120,000	\$ 121,346

**FERD AND GLADYS ALPERT JEWISH FAMILY & CHILDREN'S SERVICE
OF PALM BEACH COUNTY, INC. AND AFFILIATE**

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

12. ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, June 30, 2017	\$ -	\$ 1,346	\$ 120,000	\$ 121,346
Investment income, net	-	10,164	-	10,164
Net assets, June 30, 2018	\$ -	\$ 11,510	\$ 120,000	\$ 131,510

Changes in endowment net assets for the year ended June 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, June 30, 2016	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	120,000	120,000
Investment income, net	-	1,346	-	1,346
Net assets, June 30, 2017	\$ -	\$ 1,346	\$ 120,000	\$ 121,346

Permanently Restricted Net Assets:

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by FUPMIFA

<u>June 30, 2018</u>	<u>June 30, 2017</u>
\$120,000	\$ 120,000

Funds with Deficiencies

From time to time, the fair value of assets associated with individual temporarily and permanently donor restricted endowment funds may fall below the level that the donor or FUPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2018 and 2017.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets consist of assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). The Organization expects its endowment funds, over time, to provide a rate of return in excess of the original permanently restricted principal. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

To satisfy long-term rate-of-return objectives, the Organization's assets are invested in the Federations' pooled general account. The pooled general account investment strategy is to place emphasis on broad diversification to reduce portfolio volatility and maximize investment returns at appropriate levels of risk over time.

**FERD AND GLADYS ALPERT JEWISH FAMILY & CHILDREN'S SERVICE
OF PALM BEACH COUNTY, INC. AND AFFILIATE**

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

12. ENDOWMENTS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating distributions based on written agreements with the donors. The spending policy calculates the amount of money annually distributed from the Organization's endowment funds. The spending policy allows for the Organization to distribute an annual amount, of either 3% or 4%, of the respective fair value of the two endowment funds measured on a rolling average each January 1. During the years ended June 30, 2018 and 2017 there was no such distribution.

This policy is consistent with the Organization's objective to maintain the purchasing power of endowment assets and to provide additional real growth through investment return.

13. COMMITMENTS AND CONTINGENCIES

Litigation

The Organization is exposed to various asserted and unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have an effect on the Organization's combined financial position or the combined results of activities.

Separation Agreement

During the year ended June 30, 2018, the Organization and the former Chief Executive Officer ("CEO") entered into a separation agreement. At June 30, 2018, the liability related to this agreement was approximately \$222,000, which is reflected within the captions "Accounts payable and accrued expenses" in the Combined Statement of Financial Position. The related payments for this obligation are paid through December 2019.

Grants

The Organization receives grants from various sources to supplement its programs. These grants require the fulfillment of certain conditions set forth in the instrument of a grant. Failure to fulfill the conditions or failure to continue to fulfill them could result in the return of the funds to the grantors. Management deems the contingency remote.

SUPPLEMENTAL SCHEDULES

**FERD AND GLADYS ALPERT JEWISH FAMILY & CHILDREN'S SERVICE
OF PALM BEACH COUNTY, INC. AND AFFILIATE**

COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

ASSETS	JFCS	5841	JRFS	Eliminations	Total
CURRENT ASSETS					
Cash (including \$675,000 of board designated cash)	\$ 142,541	\$ 1,280	\$ 733,757	\$ -	\$ 877,578
Restricted cash	343,591	-	-	-	343,591
Due from affiliate	42,616	-	641,525	(684,141)	-
Accounts receivable:					
Jewish Federation of Palm Beach County, Inc.	491,311	-	-	-	491,311
Client charges, net	214,059	-	105,880	-	319,939
Grants	901,406	-	12,896	-	914,302
United Way of Palm Beach County, Inc.	76,000	-	-	-	76,000
Promises to give, net	55,983	-	125,000	-	180,983
Prepaid expenses and other assets	72,957	19,795	28,222	-	120,974
TOTAL CURRENT ASSETS	2,340,464	21,075	1,647,280	(684,141)	3,324,678
PROMISES TO GIVE, NET OF DISCOUNT AND CURRENT PORTION	20,742	-	326,038	-	346,780
INVESTMENTS	131,510	-	-	-	131,510
PROPERTY AND EQUIPMENT, NET	528,689	2,658,943	388,101	-	3,575,733
TOTAL ASSETS	\$ 3,021,405	\$ 2,680,018	\$ 2,361,419	\$ (684,141)	\$ 7,378,701
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	\$ 1,689,077	\$ 25,414	\$ 125,610	\$ -	\$ 1,840,101
Deferred revenue	96,439	2,000	180,467	-	278,906
Note payable	-	85,892	-	-	85,892
Due to affiliate	-	684,141	-	(684,141)	-
TOTAL CURRENT LIABILITIES	1,785,516	797,447	306,077	(684,141)	2,204,899
NOTE PAYABLE, NET OF CURRENT PORTION	-	2,676,457	-	-	2,676,457
TOTAL LIABILITIES	1,785,516	3,473,904	306,077	(684,141)	4,881,356
NET ASSETS					
Unrestricted:					
Undesignated	437,034	(793,886)	929,304	-	572,452
Board Designated	-	-	675,000	-	675,000
Total Unrestricted	437,034	(793,886)	1,604,304	-	1,247,452
Temporarily restricted	678,855	-	451,038	-	1,129,893
Permanently restricted	120,000	-	-	-	120,000
TOTAL NET ASSETS	1,235,889	(793,886)	2,055,342	-	2,497,345
TOTAL LIABILITIES AND NET ASSETS	\$ 3,021,405	\$ 2,680,018	\$ 2,361,419	\$ (684,141)	\$ 7,378,701

**FERD AND GLADYS ALPERT JEWISH FAMILY & CHILDREN'S SERVICE
OF PALM BEACH COUNTY, INC. AND AFFILIATE**

COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS	JFCS	5841	JRFS	Eliminations	Total
CURRENT ASSETS					
Cash (including \$675,000 of board designated cash)	\$ 109,810	\$ 2,987	\$ 689,920	\$ -	\$ 802,717
Restricted cash	297,504	-	-	-	297,504
Due from affiliate	8,597	-	685,866	(694,463)	-
Accounts receivable:					
Jewish Federation of Palm Beach County, Inc.	472,454	-	-	-	472,454
Client charges, net	151,940	-	81,248	-	233,188
Grants	828,485	-	-	-	828,485
United Way of Palm Beach County, Inc.	96,921	-	-	-	96,921
Promises to give, net	170,139	-	125,000	-	295,139
Prepaid expenses and other assets	108,198	19,291	32,832	-	160,321
TOTAL CURRENT ASSETS	2,244,048	22,278	1,614,866	(694,463)	3,186,729
PROMISES TO GIVE, NET OF DISCOUNT AND CURRENT PORTION	41,695	-	441,520	-	483,215
INVESTMENTS	121,346	-	-	-	121,346
PROPERTY AND EQUIPMENT, NET	547,653	2,803,516	438,028	-	3,789,197
TOTAL ASSETS	\$ 2,954,742	\$ 2,825,794	\$ 2,494,414	\$ (694,463)	\$ 7,580,487
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	\$ 1,316,065	\$ 23,920	\$ 119,539	\$ -	\$ 1,459,524
Deferred revenue	78,344	2,000	170,910	-	251,254
Note payable	-	82,318	-	-	82,318
Due to affiliate	-	694,463	-	(694,463)	-
TOTAL CURRENT LIABILITIES	1,394,409	802,701	290,449	(694,463)	1,793,096
NOTE PAYABLE, NET OF CURRENT PORTION	-	2,756,885	-	-	2,756,885
TOTAL LIABILITIES	1,394,409	3,559,586	290,449	(694,463)	4,549,981
NET ASSETS					
Unrestricted:					
Undesignated	547,433	(733,792)	962,445	-	776,086
Board Designated	-	-	675,000	-	675,000
Total Unrestricted	547,433	(733,792)	1,637,445	-	1,451,086
Temporarily restricted	892,900	-	566,520	-	1,459,420
Permanently restricted	120,000	-	-	-	120,000
TOTAL NET ASSETS	1,560,333	(733,792)	2,203,965	-	3,030,506
TOTAL LIABILITIES AND NET ASSETS	\$ 2,954,742	\$ 2,825,794	\$ 2,494,414	\$ (694,463)	\$ 7,580,487

**FERD AND GLADYS ALPERT JEWISH FAMILY & CHILDREN'S SERVICE
OF PALM BEACH COUNTY, INC. AND AFFILIATE**

COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	JFCS	5841	JRFS	Eliminations	Total
UNRESTRICTED NET ASSETS					
Public support and revenues:					
Contributions from Federation	\$ 195,000	\$ -	\$ -	\$ -	\$ 195,000
Contributions	1,637,265	-	446,343	-	2,083,608
Fundraising	572,637	-	-	-	572,637
Contracts and grants	588,951	-	51,146	-	640,097
Claims Conference grant revenue	3,625,173	-	-	-	3,625,173
Patient service revenue, net	1,642,115	-	2,172,356	-	3,814,471
Rental income	-	322,291	-	(300,000)	22,291
Management fee	387,096	-	-	(387,096)	-
Other	136,001	-	35,435	(12,000)	159,436
Net assets released from restrictions	859,811	-	115,483	-	975,294
TOTAL UNRESTRICTED PUBLIC SUPPORT AND REVENUES	9,644,049	322,291	2,820,763	(699,096)	12,088,007
TEMPORARILY RESTRICTED NET ASSETS					
Public support and revenues:					
Contributions from Federation	590,620	-	-	-	590,620
Contributions	44,983	-	-	-	44,983
Investment income, net	10,164	-	-	-	10,164
Net assets released from restrictions	(859,811)	-	(115,483)	-	(975,294)
TOTAL TEMPORARILY RESTRICTED PUBLIC SUPPORT AND REVENUES	(214,044)	-	(115,483)	-	(329,527)
TOTAL PUBLIC SUPPORT AND REVENUES	9,430,005	322,291	2,705,280	(699,096)	11,758,480
EXPENSES:					
Program services:					
Community services	871,855	-	-	(61,370)	810,485
Long-term care	5,354,367	-	-	(114,754)	5,239,613
Behavioral health	1,720,509	-	-	(57,221)	1,663,288
Residential	-	-	2,440,270	-	2,440,270
TOTAL PROGRAM SERVICES	7,946,731	-	2,440,270	(233,345)	10,153,656
Support services:					
Fundraising and development	1,075,922	-	-	(39,624)	1,036,298
Management and general	731,796	382,385	413,633	(426,127)	1,101,687
TOTAL SUPPORT SERVICES	1,807,718	382,385	413,633	(465,751)	2,137,985
TOTAL EXPENSES	9,754,449	382,385	2,853,903	(699,096)	12,291,641
CHANGE IN NET ASSETS	(324,444)	(60,094)	(148,623)	-	(533,161)
NET ASSETS AT BEGINNING OF YEAR	1,560,333	(733,792)	2,203,965	-	3,030,506
NET ASSETS AT END OF YEAR	\$ 1,235,889	\$ (793,886)	\$ 2,055,342	\$ -	\$ 2,497,345

**FERD AND GLADYS ALPERT JEWISH FAMILY & CHILDREN'S SERVICE
OF PALM BEACH COUNTY, INC. AND AFFILIATE**

COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	JFCS	5841	JRFS	Eliminations	Total
UNRESTRICTED NET ASSETS					
Public support and revenues:					
Contributions from Federation	\$ 195,000	\$ -	\$ -	\$ -	\$ 195,000
Contributions	1,379,988	-	523,716	-	1,903,704
Fundraising	435,351	-	-	-	435,351
Contracts and grants	953,157	-	-	-	953,157
Claims Conference grant revenue	2,803,151	-	-	-	2,803,151
Patient service revenue, net	1,706,614	-	2,234,453	-	3,941,067
Rental income	-	391,073	-	(300,000)	91,073
Gain on sale of real estate held for sale	-	-	458,271	-	458,271
Management fees	353,262	-	-	(353,262)	-
Other	110,434	-	24,387	(36,000)	98,821
Net assets released from restrictions	670,772	-	100,351	-	771,123
TOTAL UNRESTRICTED PUBLIC SUPPORT AND REVENUES	8,607,729	391,073	3,341,178	(689,262)	11,650,718
TEMPORARILY RESTRICTED NET ASSETS					
Public support and revenues:					
Contributions from Federation	603,620	-	-	-	603,620
Contributions	119,139	-	-	-	119,139
Investment income, net	1,346	-	-	-	1,346
Net assets released from restrictions	(670,772)	-	(100,351)	-	(771,123)
TOTAL TEMPORARILY RESTRICTED PUBLIC SUPPORT AND REVENUES	53,333	-	(100,351)	-	(47,018)
PERMANENTLY RESTRICTED NET ASSETS					
Public support and revenues:					
Contributions	120,000	-	-	-	120,000
TOTAL PERMANENTLY RESTRICTED PUBLIC SUPPORT AND REVENUES	120,000	-	-	-	120,000
TOTAL PUBLIC SUPPORT AND REVENUES	8,781,062	391,073	3,240,827	(689,262)	11,723,700
EXPENSES:					
Program services:					
Community services	453,743	-	-	(25,751)	427,992
Long-term care	4,871,890	-	-	(174,995)	4,696,895
Behavioral health	1,833,583	-	-	(74,838)	1,758,745
Residential	-	-	2,517,467	-	2,517,467
TOTAL PROGRAM SERVICES	7,159,216	-	2,517,467	(275,584)	9,401,099
Support services:					
Fundraising and development	1,020,907	-	-	(28,575)	992,332
Management and general	507,681	400,935	392,550	(385,103)	916,063
TOTAL SUPPORT SERVICES	1,528,588	400,935	392,550	(413,678)	1,908,395
TOTAL EXPENSES	8,687,804	400,935	2,910,017	(689,262)	11,309,494
CHANGE IN NET ASSETS	93,258	(9,862)	330,810	-	414,206
NET ASSETS AT BEGINNING OF YEAR	1,467,075	(723,930)	1,873,155	-	2,616,300
NET ASSETS AT END OF YEAR	\$ 1,560,333	\$ (733,792)	\$ 2,203,965	\$ -	\$ 3,030,506