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

COMBINED FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

MBAF

MORRISON BROWN ARGIZ & FARRA, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

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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, 2017 and 2016, 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, 2017 and 2016, 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.

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 supplementary 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, Argiz & Farra

Boca Raton, Florida
November 15, 2017

COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30,

ASSETS	**2017**	**2016**
CURRENT ASSETS		
Cash (including $675,000 of board designated cash at June 30, 2017)	$ 802,717	$ 71,122
Restricted cash	297,504	142,822
Accounts receivable:		
Jewish Federation of Palm Beach County, Inc.	472,454	517,956
Client charges, net	233,188	351,150
Grants	828,485	1,041,947
United Way of Palm Beach County, Inc.	96,921	69,000
Promises to give, net	295,139	344,650
Investment in real estate held for sale	-	216,729
Prepaid expenses and other assets	160,321	88,369
TOTAL CURRENT ASSETS	3,186,729	2,843,745
PROMISES TO GIVE, NET OF DISCOUNT AND CURRENT PORTION	483,215	578,177
INVESTMENTS HELD AT JEWISH FEDERATION OF PALM BEACH COUNTY, INC.	121,346	-
PROPERTY AND EQUIPMENT, NET	3,789,197	4,021,852
TOTAL ASSETS	**$ 7,580,487**	**$ 7,443,774**
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 1,459,524	$ 1,469,992
Line of credit	-	215,000
Deferred revenue	251,254	230,070
Note payable	82,318	78,892
TOTAL CURRENT LIABILITIES	1,793,096	1,993,954
NOTE PAYABLE, NET OF CURRENT PORTION	2,756,885	2,833,520
TOTAL LIABILITIES	4,549,981	4,827,474
NET ASSETS		
Unrestricted:		
Undesignated	776,086	1,109,862
Board Designated	675,000	-
Total Unrestricted	1,451,086	1,109,862
Temporarily restricted	1,459,420	1,506,438
Permanently restricted	120,000	-
TOTAL NET ASSETS	3,030,506	2,616,300
TOTAL LIABILITIES AND NET ASSETS	**$ 7,580,487**	**$ 7,443,774**

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,

	2017				2016		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUES:							
Allocations	$ 195,000	$ 603,620	$ -	$ 798,620	$ 199,275	$ 583,611	$ 782,886
Contributions	1,912,843	110,000	120,000	2,142,843	1,748,372	207,650	1,956,022
Contracts and grants	953,631	-	-	953,631	928,281	-	928,281
Claims Conference grant revenue	2,802,677	-	-	2,802,677	3,209,882	-	3,209,882
Patient service revenue, net	3,941,067	-	-	3,941,067	4,116,909	-	4,116,909
Rental income	91,073	-	-	91,073	84,185	-	84,185
Fundraising	435,351	-	-	435,351	466,310	-	466,310
Gain on sale of real estate held for sale	458,271	-	-	458,271	-	-	-
Investment income, net	-	1,346	-	1,346	-	-	-
Other	98,821	-	-	98,821	187,671	-	187,671
Net assets released from restrictions	771,123	(771,123)	-	-	695,704	(695,704)	-
TOTAL PUBLIC SUPPORT AND REVENUES	11,659,857	(56,157)	120,000	11,723,700	11,636,589	95,557	11,732,146
EXPENSES:							
Program services:							
Community services	427,992	-	-	427,992	470,422	-	470,422
Long-term care	4,696,895	-	-	4,696,895	4,797,669	-	4,797,669
Behavioral health	1,758,745	-	-	1,758,745	2,027,671	-	2,027,671
Residential	2,517,467	-	-	2,517,467	2,385,651	-	2,385,651
TOTAL PROGRAM SERVICES	9,401,099	-	-	9,401,099	9,681,413	-	9,681,413
Support services:							
Fundraising and development	992,332	-	-	992,332	932,128	-	932,128
Management and general	916,063	-	-	916,063	1,023,082	-	1,023,082
TOTAL SUPPORT SERVICES	1,908,395	-	-	1,908,395	1,955,210	-	1,955,210
TOTAL EXPENSES	11,309,494	-	-	11,309,494	11,636,623	-	11,636,623
CHANGE IN NET ASSETS	350,363	(56,157)	120,000	414,206	(34)	95,557	95,523
NET ASSETS AT BEGINNING OF YEAR	1,109,862	1,506,438	-	2,616,300	1,109,896	1,410,881	2,520,777
NET ASSETS AT END OF YEAR	**$ 1,460,225**	**$ 1,450,281**	**$ 120,000**	**$ 3,030,506**	**$ 1,109,862**	**$ 1,506,438**	**$ 2,616,300**

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

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

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 414,206	$ 95,523
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	244,714	249,062
Amortization of deferred loan costs	5,251	5,035
Uncollectible client charges	76,509	6,805
Net realized and unrealized gains on investments	(1,346)	-
Amortization of discount on promises to give	(23,388)	(26,907)
Gain on sale of real estate held for sale	(458,271)	-
Gain on sale of property and equipment	-	(12,000)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Restricted cash	(154,682)	(117,158)
Accounts receivable	440,357	(522,523)
Prepaid expenses and other assets	(71,952)	27,858
Increase (decrease) in:		
Accounts payable and accrued expenses	(10,468)	372,787
Deferred revenue	21,184	(35,796)
TOTAL ADJUSTMENTS	67,908	(52,837)
NET CASH PROVIDED BY OPERATING ACTIVITIES	482,114	42,686
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of real estate held for sale	675,000	-
Proceeds from sale of property and equipment	-	12,000
Purchase of property and equipment	(12,059)	(196,160)
Purchase of investments at the Federation	(120,000)	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	542,941	(184,160)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments on line of credit	(2,245,000)	(733,000)
Proceeds from line of credit	2,030,000	948,000
Repayments on note payable	(78,460)	(113,499)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(293,460)	101,501
NET INCREASE (DECREASE) IN CASH	731,595	(39,973)
CASH - BEGINNING OF YEAR	71,122	111,095
CASH - END OF YEAR	**$ 802,717**	**$ 71,122**

	2017	2016
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	**$ 137,088**	**$ 146,151**

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		
	Community Services	Long-Term Care	Behavioral Health	Residential	Total Program Services	Fundraising and Development	Management and General	Total
Salaries and Benefits								
Salaries	$ 244,794	$1,661,187	$1,251,903	$1,184,690	$4,342,574	$ 583,352	$ 539,371	$ 5,465,297
Payroll taxes and benefits	35,957	260,896	195,972	291,834	784,659	89,158	62,052	935,869
Total Salaries and Benefits	280,751	1,922,083	1,447,875	1,476,524	5,127,233	672,510	601,423	6,401,166
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	172,992	2,949,807	385,708	1,040,943	4,549,450	348,397	346,481	5,244,328
Total Expenses	453,743	4,871,890	1,833,583	2,517,467	9,676,683	1,020,907	947,904	11,645,494
Intercompany eliminations	(25,751)	(174,995)	(74,838)	-	(275,584)	(28,575)	(31,841)	(336,000)
Net Functional Expenses	**$ 427,992**	**$4,696,895**	**$1,758,745**	**$2,517,467**	**$9,401,099**	**$ 992,332**	**$ 916,063**	**$11,309,494**

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, 2016

	Program Services					Support Services		
	Community Services	Long-Term Care	Behavioral Health	Residential	Total Program Services	Fundraising and Development	Management and General	Total
Salaries and Benefits								
Salaries	$ 295,468	$1,500,964	$1,410,451	$1,185,143	$4,392,026	$ 525,727	$ 647,467	$ 5,565,220
Payroll taxes and benefits	44,719	228,765	207,439	287,565	768,488	77,158	121,515	967,161
Total Salaries and Benefits	340,187	1,729,729	1,617,890	1,472,708	5,160,514	602,885	768,982	6,532,381
Operating Expenses								
Professional fees	11,013	43,289	55,020	49,160	158,482	17,606	18,315	194,403
Building and facilities	14,582	68,851	65,593	99,018	248,044	18,300	80,077	346,421
Depreciation and amortization	13,455	88,983	45,073	74,661	222,172	13,445	13,445	249,062
Insurance	-	-	14,926	79,490	94,416	-	73,815	168,231
Interest and bank fees	17,257	90,632	58,333	-	166,222	11,988	11,988	190,198
Program specific expenses	32,824	142,260	84,108	227,191	486,383	237,498	12,568	736,449
Rent	36,120	121,602	122,121	356,163	636,006	38,100	37,530	711,636
Special assistance to individuals	16,106	2,618,001	-	-	2,634,107	-	-	2,634,107
Supplies	14,600	65,756	51,444	-	131,800	18,316	25,245	175,361
Other operating expenses	201	-	-	27,260	27,461	790	6,123	34,374
Total Operating Expenses	156,158	3,239,374	496,618	912,943	4,805,093	356,043	279,106	5,440,242
Total Expenses	496,345	4,969,103	2,114,508	2,385,651	9,965,607	958,928	1,048,088	11,972,623
Intercompany eliminations	(25,923)	(171,434)	(86,837)	-	(284,194)	(26,800)	(25,006)	(336,000)
Net Functional Expenses	**$ 470,422**	**$4,797,669**	**$2,027,671**	**$2,385,651**	**$9,681,413**	**$ 932,128**	**$1,023,082**	**$11,636,623**

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

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.

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.

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

Description of Programs (Continued)

Community Services Division (Continued):

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.

Psychiatric provides psychiatric evaluation and treatment for adults and seniors. One full time board certified psychiatrists, 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.

Child Psychiatry is a children's mental health service designed to coordinate the assessment and treatment services for children who are struggling with developmental, social, emotional, behavioral, or academic difficulties. Services include child psychiatry services, evaluation and assessment, medication, medication monitoring, psychotherapeutic and support services. This program was discontinued during the year ended June 30, 2016.

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

Description of Programs (Continued)

Behavioral Health Division (Continued):

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. KOLOT (Voices) 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").

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.

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

Basis of Accounting (Continued)

Temporarily 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. At June 30, 2016, there were no permanently restricted net assets.

Revenue Recognition

<u>Allocations</u>

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.

<u>Contribution Revenue and Unconditional Promises to Give</u>

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.

<u>Contracts and Grants</u>

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.

<u>Patient Service Revenue</u>

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.

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

Revenue Recognition (Continued)

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 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.

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, 2017 and 2016 were $297,504 and $142,822, respectively.

Investment held at Jewish Federation of Palm Beach County, Inc.

The Organization's investments are held and administered by the Federation and are carried at fair value (NOTE 12). At June 30, 2017, the Organization had invested approximately $121,000 with the Federation as reflected in the Combined Statements of Financial Position.

For the year ended June 30, 2017 Investment income, net of $1,346 (including gains and losses on investments, interests, dividends and fees) are included in the Combined Statements of Activities as changes in temporarily restricted net assets due to the existence of donor-imposed restrictions (NOTE 13).

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.

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 and $8,000 at June 30, 2017 and 2016, respectively. 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, 2017 and 2016 was approximately $77,000 and $7,000, 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.

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

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, 2017 and 2016 was approximately $41,000 and $47,000, respectively. Amortization expense, which is included in the caption interest expense and bank fees on the accompanying Combined Statements of Functional Expenses, totaled approximately $5,000 for each of the years ended June 30, 2017 and 2016.

As permitted by U.S. GAAP, as of July 1, 2016, the Organization elected an accounting alternative which allows deferred loan costs to be netted against the related liability. The Organization elected to early adopt this accounting method and implement the update as of July 1, 2016 using a full retrospective approach. 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, 2016, the investment in real estate was considered held for sale and is therefore reflected as a current asset in the Combined Statements of Financial Position as of June 30, 2016. 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, 2017 and 2016 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 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 are:

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

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.

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

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 files income tax returns for its Unrelated Business Taxable Income generated from the rental income derived from nonexempt organizations. The Organization's expenses exceeded its revenue; accordingly, no provision for income tax expense was recorded.

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 2014.

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, 2017 and 2016, one donor accounted for approximately 80% and 74%, respectively, of promises to give.

During the years ended June 30, 2017 and 2016, Claims Conference revenues accounted for approximately 24% and 27%, respectively, of total public support and revenues. The related Claims Conference receivables accounted for approximately 40% of accounts receivable as of June 30, 2017 and 2016.

See NOTE 8 for concentrations related to the Federation.

Subsequent Events

The Organization has evaluated subsequent events through November 15, 2017, which is the date the combined financial statements were available to be issued.

Reclassification

Certain items in the 2016 combined financial statements have were reclassified to conform to the 2017 presentation.

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

Recent Accounting Pronouncements

Revenue From Contracts With Customers

In May 2014, the Financial Accounting Standards Board ("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 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.

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 statement 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.

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

Adopted Accounting Pronouncement

Debt Issuance Costs

In April 2015, the FASB issued an accounting standards update that requires that debt issuance costs related to a recognized debt liability be presented as a direct deduction on the balance sheet from the carrying amount of the debt. The recognition and measurement guidance for debt issuance costs is not affected. The update is effective on a retrospective basis for reporting periods beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016 with early adoption permitted for financial statements that have not been previously issued. The Organization has adopted this accounting standard update and retrospectively reclassified adjusted prior period amounts to conform to the current year presentation. The retrospective application resulted in a reclassification of approximately $47,000 from “Deferred loan cost, net” to “Note payable, net of current portion” in the Combined Statement of Financial Position as of June 30, 2016.

2. PROMISES TO GIVE, NET

Promises to give resulting from fundraising campaigns is summarized as follows for the years ended June 30:

	2017	2016
Gross promises to give	$ 847,789	$ 1,015,650
Less: Discount on long-term promises to give	(69,435)	(92,823)
Promises to give, net	**$ 778,354**	**$ 922,827**

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 are due as follows:

Years ending June 30:	
2018	$ 295,139
2019	136,000
2020	136,000
2021	136,000
2022	136,000
Thereafter	8,650
	$ 847,789

3. PROPERTY AND EQUIPMENT, NET

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

	2017	2016
Land	$ 670,716	$ 670,716
Buildings and improvements	4,516,079	4,511,768
Equipment	486,178	478,427
Vehicles	341,388	341,388
Artwork	158,325	158,325
	6,172,686	6,160,624
Less: Accumulated depreciation and amortization	(2,383,489)	(2,138,772)
Property and equipment, net	**$ 3,789,197**	**$ 4,021,852**

Depreciation and amortization expense for the years ended June 30, 2017 and 2016 was approximately $245,000 and $249,000, respectively.

4. NOTE PAYABLE

Note payable consist of the following as of June 30:

	2017	2016
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.	$ 2,880,593	$ 2,959,497
Less: current portion of note payable	(82,318)	(78,892)
Less: deferred loan costs	(41,390)	(47,085)
Note payable, net of current portion and deferred loan costs	**$ 2,756,885**	**$ 2,833,520**

4. NOTE PAYABLE (CONTINUED)

Future maturities for the years subsequent to June 30, 2017 are as follows:

For the years ending June 30,	
2018	$ 82,318
2019	85,892
2020	89,309
2021	338,410
2022	827,105
Thereafter	1,457,559
	$ 2,880,593

Interest charged to expense for the note payable for the years ended June 30, 2017 and 2016 was approximately $130,000 and $133,000, 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 is payable monthly on the outstanding balance at the Prime rate plus 0.75% or the minimum rate of 4.5% and 4.25% at June 30, 2017 and 2016, respectively. At June 30, 2017 and 2016, the interest rate was 5.00% and 4.25%, respectively. At June 30, 2017 there was no outstanding balance due on the line of credit. There was a balance of $215,000 outstanding on the line of credit at June 30, 2016. For the years ended June 30, 2017 and 2016 interest expense on the line of credit was approximately $6,000 and $16,000, respectively. The line of credit expires on February 10, 2018.

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 Internal Revenue 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, 2017 and 2016, no employer discretionary contributions were made to the Plan.

7. 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 results of its combined activities.

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.

8. JEWISH FEDERATION OF PALM BEACH COUNTY, INC. AND RELATED PARTY TRANSACTIONS

For each of the years ended June 30, 2017 and 2016, 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, 2017 and 2016, 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 the each of the years ended June 30, 2017 and 2016, 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, 2017 and 2016, these balances were approximately $3,671,000 and $3,475,000, respectively. Income from the endowment funds was approximately $184,000 and $186,000 for the years ended June 30, 2017 and 2016, respectively.

Total receivables due from the Federation at June 30, 2017 and 2016 amounted to approximately $472,000 and $518,000, 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, 2017 and 2016.

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, 2017 and 2016, 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.

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.

9. OPERATING LEASES (CONTINUED)

Leases – Lessee (Continued)

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 leases office space in Palm Beach Gardens, Florida from a third party through a non-cancelable operating lease agreement expiring on November 30, 2017.

Approximate future minimum rental payments are as follows:

Years ending June 30,	
2018	$ 44,000
2019	38,000
2020	39,000
2021	10,000
	$ 131,000

Rent expense for the years ended June 30, 2017 and 2016, pursuant to the above agreements was approximately $353,000 and $355,000, 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 $91,000 and $84,000 for the years ended June 30, 2017 and 2016, respectively.

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 as of June 30, 2017 and 2016 is $514,620 and $514,611, and is recorded as temporarily restricted support. The Organization transfers this support to unrestricted net assets through net assets released from restrictions once the Organization receives the funds. These allocations are received on a monthly basis.

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

	2017	**2016**
Restricted cash	$ 76,100	$ -
Promises to give, net	778,354	922,827
Allocation from Federation	514,620	514,611
Allocation from United Way of Palm Beach, Inc.	89,000	69,000
	$ 1,458,074	**$ 1,506,438**

10. TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

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

	2017	2016
Building	$ 7,000	$ 58,000
Residential Activity Center	625,000	750,000
Other	215,789	207,650
	847,789	1,015,650
Less: Discount on long-term promises to give	(69,435)	(92,823)
	$ 778,354	**$ 922,827**

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 $5,628,278 and $5,479,554 as of June 30, 2017 and 2016, 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, 2017 and 2016 totaled approximately $71,000 and $106,000, 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.

12. FAIR VALUE MEASUREMENTS

The FASB establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).The three levels of the fair value hierarchy under the FASB Accounting Standards Codification 820 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

- Level 2 Inputs to the valuation methodology include:
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets or liabilities in inactive markets;
  - inputs other than quoted prices that are observable for the asset or liability;
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

  If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

12. FAIR VALUE MEASUREMENTS (CONTINUED)

The Federation has a pooled investment strategy with investments in a variety of mutual funds, hedge funds, government securities, equities, Israel Bonds and other types of investments. The values of the assets invested in Federation's pooled general account are determined by calculating the Organization's net asset value ("NAV") in the pool. The Organization has the ability to observe the inputs to the valuation and redeem the investment at NAV upon request; as such, the Organization's investment is reflected at NAV on the Combined Statements of Financial Position and reported as Level 2.

At June 30, 2017, the Organization had invested with the Federation approximately $121,000 as reflected in the Combined Statements of Financial Position. Approximately $21,000 of the investment was held in the Federation's pooled general account. The remaining $100,000, which reflects a donor contribution received in June 2017, was held in the Federation's general money market account and was then transferred into the Federation's pooled general account subsequent to year end.

The general pool investment strategy is to place emphasis on broad diversification to reduce portfolio volatility and maximize investment returns at appropriate levels of risk over time.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The values assigned to certain investments are based upon currently available information and do not necessarily represent amounts that may ultimately be realized. Because of the inherent uncertainty of valuation, those estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed and the differences could be material.

The following table represents the Organization's financial instruments measured at fair value on a recurring basis at June 30, 2017 and the fair value hierarchy levels:

		Fair Value Measurement at June 30, 2017		
Description	**TOTAL**	**Quoted Prices In Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Other Unobservable Inputs (Level 3)**
Assets:				
Investments held at Federation	**$121,346**	**$ 100,000**	**$ 21,346**	**$ -**

There were no financial assets or liabilities measured at fair value on a recurring basis at June 30, 2016. There were no financial assets or liabilities measured at fair value on a non-recurring basis at June 30, 2017 and 2016.

13. 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.

13. ENDOWMENTS (CONTINUED)

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 year ended June 30, 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, 2017:

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

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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:	**June 30, 2017**
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by FUPMIFA	**$120,000**

13. ENDOWMENT (CONTINUED)

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, 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.

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 year ended June 30, 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.

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, 2017

ASSETS	JFCS	5841	JRFS	Eliminations	Total
CURRENT ASSETS					
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 HELD AT JEWISH FEDERATION OF PALM BEACH COUNTY, INC.	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	548,779	(733,792)	962,445	-	777,432
Board Designated	-	-	675,000		675,000
Total unrestricted	548,779	(733,792)	1,637,445	-	1,452,432
Temporarily restricted	891,554	-	566,520	-	1,458,074
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 FINANCIAL POSITION
JUNE 30, 2016

ASSETS	JFCS	5841	JRFS	Eliminations	Total
CURRENT ASSETS					
Cash	$ 64,222	$ 737	$ 6,163	$ -	$ 71,122
Restricted cash	142,822	-	-	-	142,822
Due from affiliate	180,972	-	554,867	(735,839)	-
Accounts receivable:					
Jewish Federation of Palm Beach County, Inc.	517,956	-	-	-	517,956
Client charges, net	229,971	-	121,179	-	351,150
Grants	1,027,945	-	14,002	-	1,041,947
United Way of Palm Beach County, Inc.	69,000	-	-	-	69,000
Promises to give, net	219,500	-	125,150	-	344,650
Investment in real estate held for sale	-	-	216,729	-	216,729
Prepaid expenses and other assets	39,326	20,173	28,870	-	88,369
TOTAL CURRENT ASSETS	2,491,714	20,910	1,066,960	(735,839)	2,843,745
PROMISES TO GIVE, NET OF DISCOUNT AND CURRENT PORTION	36,306	-	541,871	-	578,177
PROPERTY AND EQUIPMENT, NET	579,385	2,934,458	508,009	-	4,021,852
TOTAL ASSETS	**$3,107,405**	**$2,955,368**	**$2,116,840**	**$ (735,839)**	**$7,443,774**
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	$1,327,430	$ 20,352	$ 122,210	$ -	$1,469,992
Line of credit	215,000	-	-	-	215,000
Deferred revenue	97,900	10,695	121,475	-	230,070
Note payable	-	78,892	-	-	78,892
Due to affiliate	-	735,839	-	(735,839)	-
TOTAL CURRENT LIABILITIES	1,640,330	845,778	243,685	(735,839)	1,993,954
NOTE PAYABLE, NET OF CURRENT PORTION	-	2,833,520	-	-	2,833,520
TOTAL LIABILITIES	1,640,330	3,679,298	243,685	(735,839)	4,827,474
NET ASSETS					
Unrestricted	627,658	(723,930)	1,206,134	-	1,109,862
Temporarily restricted	839,417	-	667,021	-	1,506,438
TOTAL NET ASSETS	1,467,075	(723,930)	1,873,155	-	2,616,300
TOTAL LIABILITIES AND NET ASSETS	**$3,107,405**	**$2,955,368**	**$2,116,840**	**$ (735,839)**	**$7,443,774**

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

	JFCS	5841	JRFS	Eliminations	Total
UNRESTRICTED NET ASSETS					
Public support and revenues:					
Allocations	$ 195,000	$ -	$ -	$ -	$ 195,000
Contributions	1,389,127	-	523,716	-	1,912,843
Contracts and grants	953,631	-	-	-	953,631
Claims Conference grant revenue	2,802,677	-	-	-	2,802,677
Patient service revenue, net	1,706,614	-	2,234,453	-	3,941,067
Rental income	-	391,073	-	(300,000)	91,073
Fundraising	435,351	-	-	-	435,351
Gain on sale of real estate held for sale	-	-	458,271	-	458,271
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	8,263,606	391,073	3,341,178	(336,000)	11,659,857
TEMPORARILY RESTRICTED NET ASSETS					
Public support and revenues:					
Allocations	603,620	-	-	-	603,620
Contributions	110,000	-	-	-	110,000
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	44,194	-	(100,351)	-	(56,157)
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	8,427,800	391,073	3,240,827	(336,000)	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	154,419	400,935	392,550	(31,841)	916,063
TOTAL SUPPORT SERVICES	1,175,326	400,935	392,550	(60,416)	1,908,395
TOTAL EXPENSES	8,334,542	400,935	2,910,017	(336,000)	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**

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, 2016

	JFCS	5841	JRFS	Eliminations	Total
UNRESTRICTED NET ASSETS					
Public support and revenues:					
Allocations	$ 199,275	$ -	$ -	$ -	$ 199,275
Contributions	1,221,535	-	526,837	-	1,748,372
Contracts and grants	763,702	-	164,579	-	928,281
Claims Conference grant revenue	3,209,882	-	-	-	3,209,882
Patient service revenue, net	2,003,407	-	2,113,502	-	4,116,909
Rental income	-	384,185	-	(300,000)	84,185
Fundraising	466,310	-	-	-	466,310
Other	172,822	-	50,849	(36,000)	187,671
Net assets released from restrictions	599,280	-	96,424	-	695,704
TOTAL UNRESTRICTED PUBLIC SUPPORT AND REVENUES	8,636,213	384,185	2,952,191	(336,000)	11,636,589
TEMPORARILY RESTRICTED NET ASSETS					
Public support and revenues:					
Allocations	583,611	-	-	-	583,611
Contributions	207,500	-	150	-	207,650
Net assets released from restrictions	(599,280)	-	(96,424)	-	(695,704)
TOTAL TEMPORARILY RESTRICTED PUBLIC SUPPORT AND REVENUES	191,831	-	(96,274)	-	95,557
TOTAL PUBLIC SUPPORT AND REVENUES	8,828,044	384,185	2,855,917	(336,000)	11,732,146
EXPENSES:					
Program Services:					
Community services	496,345	-	-	(25,923)	470,422
Long-term care	4,969,103	-	-	(171,434)	4,797,669
Behavioral health	2,114,508	-	-	(86,837)	2,027,671
Residential	-	-	2,385,651	-	2,385,651
TOTAL PROGRAM SERVICES	7,579,956	-	2,385,651	(284,194)	9,681,413
Support Services:					
Fundraising and development	958,928	-	-	(26,800)	932,128
Management and general	243,798	400,770	403,520	(25,006)	1,023,082
TOTAL SUPPORT SERVICES	1,202,726	400,770	403,520	(51,806)	1,955,210
TOTAL EXPENSES	8,782,682	400,770	2,789,171	(336,000)	11,636,623
CHANGE IN NET ASSETS	45,362	(16,585)	66,746	-	95,523
NET ASSETS AT BEGINNING OF YEAR	1,421,713	(707,345)	1,806,409	-	2,520,777
NET ASSETS AT END OF YEAR	**$ 1,467,075**	**$ (723,930)**	**$ 1,873,155**	**$ -**	**$ 2,616,300**