

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE

COMBINED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2013 AND 2012
AND
SUPPLEMENTARY INFORMATION
JUNE 30, 2013

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE

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BROOKS, MCGINNIS & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Boards of Directors
of Jewish Family & Career Services, Inc. and Affiliate:

We have audited the accompanying financial statements of Jewish Family & Career Services, Inc. and Affiliate (nonprofit organizations) (the Organization) as of June 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of the Jewish Family & Career Services, Inc. and Affiliate as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2013 and 2012, on our consideration of Jewish Family & Career Services, Inc. and Affiliate Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jewish Family & Career Services, Inc. and Affiliate Organization's internal control over financial reporting and compliance.

Brooks, McAnnis & Company, LLC

Atlanta, Georgia
December 2, 2013

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE
COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

	2013	2012
ASSETS		
Cash and cash equivalents	\$ 364,455	\$ 149,252
Grants and accounts receivable	598,244	878,398
Unconditional promises to give, net	2,508,648	2,301,138
Capital campaign promises to give, net	32,927	59,554
Prepaid expenses and other assets	170,103	194,082
Agency investments	944,687	804,416
Foundation investments	4,184,009	4,034,098
Property and equipment, net	5,634,048	6,000,353
Total assets	\$ 14,437,121	\$ 14,421,291
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 241,124	\$ 165,221
Deferred compensation and accrued employee benefits	820,245	678,864
Deferred revenue	24,052	25,625
Capital lease obligations	546,122	616,391
Total liabilities	1,631,543	1,486,101
Net assets:		
Unrestricted	6,172,031	6,581,613
Temporarily restricted	3,993,828	3,783,100
Permanently restricted	2,639,719	2,570,477
Total net assets	12,805,578	12,935,190
Total liabilities and net assets	\$ 14,437,121	\$ 14,421,291

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

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE
COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2013	2012
Revenues, gains and support:					
Public support:					
Jewish Federation of Greater Atlanta	\$ 3,478	\$ 1,428,904	\$ -	\$ 1,432,382	\$ 1,397,212
United Way Services funding	47,858	508,357	-	556,215	524,305
Federal awards	-	837,072	-	837,072	1,747,676
Grants	-	2,151,524	-	2,151,524	2,082,975
Contributions	381,496	266,593	26,050	674,139	702,803
Annual giving campaign	1,226,723	-	-	1,226,723	1,340,311
Ben Massell Dental Clinic contributed services	1,745,883	-	-	1,745,883	1,380,550
Special events, net of related expenses of \$63,341 and \$36,187, respectively	340,230	-	-	340,230	246,220
Net assets released from restrictions:					
Satisfaction of program restrictions	3,384,279	(3,384,279)	-	-	-
Satisfaction of timing and other restrictions:					
Transfers and other	(27,904)	(15,288)	43,192	-	-
Jewish Federation funding	1,385,126	(1,385,126)	-	-	-
United Way Services funding	476,428	(476,428)	-	-	-
Total support	8,963,597	(68,671)	69,242	8,964,168	9,422,052
Other revenue and gains:					
Program services	4,299,948	-	-	4,299,948	4,163,052
Investment income (loss)	47,654	279,399	-	327,053	(29,725)
Other revenues	85,918	-	-	85,918	109,580
Total other revenue and gains	4,433,520	279,399	-	4,712,919	4,242,907
Total revenues, gains and support	13,397,117	210,728	69,242	13,677,087	13,664,959
Expenses and losses:					
Program Services:					
Aviv Older Adult Services	2,228,340			2,228,340	2,223,734
Adoption Services	48,217			48,217	102,781
Counseling/Child and Adolescent Services	1,784,868			1,784,868	1,454,453
Careers and International Services	1,447,664			1,447,664	2,274,489
Developmental Disabilities Services	3,577,241			3,577,241	3,271,167
Ben Massell Dental Clinic	2,715,172			2,715,172	2,381,423
Total program services	11,801,502	-	-	11,801,502	11,708,047
Supporting Services:					
Management and general	1,348,715			1,348,715	1,398,588
Fundraising	656,482			656,482	482,827
Total supporting services	2,005,197	-	-	2,005,197	1,881,415
Total expenses and losses	13,806,699	-	-	13,806,699	13,589,462
Change in net assets	(409,582)	210,728	69,242	(129,612)	75,497
Net assets, beginning of year	6,581,613	3,783,100	2,570,477	12,935,190	12,859,693
Net assets, end of year	\$ 6,172,031	\$ 3,993,828	\$ 2,639,719	\$ 12,805,578	\$ 12,935,190

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

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE
COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	2012
Revenues, gains and support:				
Public support:				
Jewish Federation of Greater Atlanta	\$ 12,086	\$ 1,385,126	\$ -	\$ 1,397,212
United Way Services funding	47,877	476,428	-	524,305
Federal awards	-	1,747,676	-	1,747,676
Grants	-	2,082,975	-	2,082,975
Contributions	374,291	325,053	3,459	702,803
Annual giving campaign	1,340,311	-	-	1,340,311
Ben Massell Dental Clinic contributed services	1,380,550	-	-	1,380,550
Special events, net of related expenses of \$36,187	246,220	-	-	246,220
Net assets released from restrictions:				
Satisfaction of program restrictions	4,240,210	(4,240,210)	-	-
Satisfaction of timing and other restrictions:				
Transfers and other	(41,512)	17,239	24,273	-
Jewish Federation funding	1,390,613	(1,390,613)	-	-
United Way Services funding	485,750	(485,750)	-	-
Total support	9,476,396	(82,076)	27,732	9,422,052
Other revenue and gains:				
Program services	4,163,052	-	-	4,163,052
Investment income (loss)	(4,711)	(25,014)	-	(29,725)
Other revenues	109,580	-	-	109,580
Total other revenue	4,267,921	(25,014)	-	4,242,907
Total revenues, gains and support	13,744,317	(107,090)	27,732	13,664,959
Expenses and losses:				
Program Services:				
Aviv Older Adult Services	2,223,734	-	-	2,223,734
Adoption Services	102,781	-	-	102,781
Counseling/Child and Adolescent Services	1,454,453	-	-	1,454,453
Careers and International Services	2,274,489	-	-	2,274,489
Developmental Disabilities Services	3,271,167	-	-	3,271,167
Ben Massell Dental Clinic	2,381,423	-	-	2,381,423
Total program services	11,708,047	-	-	11,708,047
Supporting Services:				
Management and general	1,398,588	-	-	1,398,588
Fundraising	482,827	-	-	482,827
Total supporting services	1,881,415	-	-	1,881,415
Total expenses and losses	13,589,462	-	-	13,589,462
Change in net assets	154,855	(107,090)	27,732	75,497
Net assets, beginning of year	6,426,758	3,890,190	2,542,745	12,859,693
Net assets, end of year	\$ 6,581,613	\$ 3,783,100	\$ 2,570,477	\$ 12,935,190

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

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	Aviv Older Adult Services	Adoption Services	Counseling/Child and Adolescent Services	Careers and International Services	Developmental Disabilities Services	Ben Massell Dental Clinic	Total Program	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 1,377,663	\$ 23,613	\$ 1,078,039	\$ 971,685	\$ 2,375,395	\$ 382,034	\$ 6,208,429	\$ 806,478	\$ 377,313	\$ 7,392,220
Payroll benefits and payroll taxes	222,112	3,183	152,300	136,732	389,617	68,379	972,323	101,825	58,682	1,132,830
Total personnel costs	1,599,775	26,796	1,230,339	1,108,417	2,765,012	450,413	7,180,752	908,303	435,995	8,525,050
Annual campaign expense	-	-	-	-	-	-	-	-	103,640	103,640
Audit and legal fees	8,337	149	10,546	7,102	13,946	3,901	43,981	6,507	4,612	55,100
Bad debt expense	3,432	-	-	-	805	-	4,237	8,394	-	12,631
Building occupancy, repairs and maintenance	23,500	7,685	50,864	19,136	74,597	47,876	223,658	19,346	12,066	255,070
Client assistance	450,349	4,566	311,801	156,809	277,662	-	1,201,187	291	-	1,201,478
Conferences and meetings	13,643	69	11,819	6,794	14,568	2,418	49,311	28,892	6,204	84,407
Dues and subscriptions	980	-	628	-	3,450	525	5,583	25,186	-	30,769
Information technology	29,570	477	37,023	27,508	46,500	17,727	158,805	27,149	14,871	200,825
In-kind professional fees	-	-	-	-	-	1,741,719	1,741,719	4,164	-	1,745,883
Insurance and taxes	23,593	424	29,846	20,103	68,325	15,796	158,087	19,145	13,053	190,285
Interest expense	299	-	379	260	409	-	1,347	1,669	157	3,173
Marketing and advertising	5,201	2,417	7,107	10,225	21,006	6,181	52,137	74,350	38,407	164,894
Other	-	-	-	-	11,094	28	11,122	10,209	-	21,331
Postage	5,812	365	2,696	1,940	5,016	1,446	17,275	4,453	8,361	30,089
Professional fees	15,607	519	62,266	53,657	28,405	7,470	167,924	39,784	4,077	211,785
Supplies	28,123	3,463	22,358	29,557	39,784	104,364	227,649	22,939	13,499	264,087
Telephone	6,986	477	4,665	2,292	24,363	9,123	47,906	8,175	1,540	57,621
Transportation	13,133	810	2,531	3,864	145,743	1,188	167,269	5,619	-	172,888
Total expenses before depreciation	2,228,340	48,217	1,784,868	1,447,664	3,540,685	2,410,175	11,459,949	1,214,575	656,482	13,331,006
Depreciation	-	-	-	-	36,556	304,997	341,553	134,140	-	475,693
Total expenses	<u>\$ 2,228,340</u>	<u>\$ 48,217</u>	<u>\$ 1,784,868</u>	<u>\$ 1,447,664</u>	<u>\$ 3,577,241</u>	<u>\$ 2,715,172</u>	<u>\$ 11,801,502</u>	<u>\$ 1,348,715</u>	<u>\$ 656,482</u>	<u>\$ 13,806,699</u>

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

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

	Aviv Older Adult Services	Adoption Services	Counseling/Child and Adolescent Services	Careers and International Services	Developmental Disabilities Services	Ben Massell Dental Clinic	Total Program	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 1,358,235	\$ 54,871	\$ 873,691	\$ 1,164,944	\$ 2,112,771	\$ 404,230	\$ 5,968,742	\$ 810,706	\$ 241,465	\$ 7,020,913
Payroll benefits and payroll taxes	208,537	7,292	130,188	162,156	351,959	75,627	935,759	111,640	38,199	1,085,598
Total personnel costs	1,566,772	62,163	1,003,879	1,327,100	2,464,730	479,857	6,904,501	922,346	279,664	8,106,511
Annual campaign expense	-	-	-	-	-	-	-	-	88,915	88,915
Audit and legal fees	11,091	1,356	12,796	11,886	19,342	5,920	62,391	9,439	3,815	75,645
Bad debt expense	841	-	-	-	-	-	841	-	27,284	28,125
Building occupancy, repairs and maintenance	35,856	7,331	47,653	34,163	72,722	46,022	243,747	20,284	6,014	270,045
Client assistance	478,623	16,065	221,536	298,804	243,833	-	1,258,861	1,375	-	1,260,236
Conferences and meetings	8,649	151	4,911	18,990	15,119	1,828	49,648	37,783	4,235	91,666
Dues and subscriptions	1,180	200	502	195	4,067	500	6,644	25,425	500	32,569
Information technology	31,354	1,947	34,650	38,175	54,345	21,784	182,255	33,242	9,516	225,013
In-kind professional fees	-	-	-	-	-	1,373,389	1,373,389	7,161	-	1,380,550
Insurance and taxes	23,179	1,650	26,204	23,535	71,952	12,657	159,177	22,189	7,865	189,231
Interest expense	463	-	589	613	780	-	2,445	3,473	186	6,104
Marketing and advertising	6,720	5,398	3,895	11,199	20,311	9,008	56,531	71,028	39,484	167,043
Other	-	-	-	3,075	8,046	-	11,121	29,147	-	40,268
Postage	5,957	364	1,898	2,091	3,328	795	14,433	5,988	9,326	29,747
Professional fees	8,544	-	69,508	411,897	22,442	765	513,156	28,374	-	541,530
Supplies	23,815	3,496	18,542	58,875	46,603	114,262	265,593	35,995	4,616	306,204
Telephone	6,059	1,057	4,689	6,803	23,495	7,118	49,221	8,942	1,166	59,329
Transportation	14,631	1,603	3,201	27,088	154,480	688	201,691	3,779	241	205,711
Total expenses before depreciation	2,223,734	102,781	1,454,453	2,274,489	3,225,595	2,074,593	11,355,645	1,265,970	482,827	13,104,442
Depreciation	-	-	-	-	45,572	306,830	352,402	132,618	-	485,020
Total expenses	<u>\$ 2,223,734</u>	<u>\$ 102,781</u>	<u>\$ 1,454,453</u>	<u>\$ 2,274,489</u>	<u>\$ 3,271,167</u>	<u>\$ 2,381,423</u>	<u>\$ 11,708,047</u>	<u>\$ 1,398,588</u>	<u>\$ 482,827</u>	<u>\$ 13,589,462</u>

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

**JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE**
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
Cash flows from operating activities:		
Change in net assets	\$ (129,612)	\$ 75,497
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	475,693	485,020
Net realized and unrealized (gains) losses on investments	(192,775)	153,374
Donated equipment	-	(14,000)
Contributions restricted for permanent endowment	(26,050)	(3,459)
Write off of capital campaign pledges	-	14,792
Contributions and pledges restricted for capital campaign	(24,126)	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Grants and accounts receivable	280,154	(133,745)
Promises to give, net	(207,510)	(72,480)
Prepaid expenses and other assets	23,979	22,650
Increase (decrease) in:		
Accounts payable	75,904	(203,503)
Deferred compensation and accrued employee benefits	(2,647)	4,252
Deferred revenue	(1,574)	(7,588)
Total adjustments	401,048	245,313
Net cash provided by operating activities	271,436	320,810
Cash flows from investing activities:		
Sales of investments	794,490	2,309,767
Purchases of investments	(747,870)	(2,245,205)
Purchase of property and equipment	(109,388)	(165,529)
Net cash used in investing activities	(62,768)	(100,967)
Cash flows from financing activities:		
Contributions restricted for capital campaign	50,754	53,083
Contributions restricted for permanent endowment	26,050	3,459
Net borrowings/(payments) on line of credit	-	(90,000)
Principal payments on capital lease obligations	(70,269)	(69,950)
Principal payments on notes payable	-	(6,935)
Net cash provided by (used in) financing activities	6,535	(110,343)
Net increase in cash and cash equivalents	215,203	109,500
Cash and cash equivalents, beginning of year	149,252	39,752
Cash and cash equivalents, end of year	\$ 364,455	\$ 149,252
Supplemental disclosure of cash flow information:		
Interest paid	\$ 3,172	\$ 6,104

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

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

1. Nature of Organization and Significant Accounting Policies

Jewish Family & Career Services, Inc. was incorporated January 1, 1997 as a result of a merger between Jewish Family Services, Inc. and Jewish Vocational Services, Inc. The Organization is a private, nonprofit organization as defined in Section 501(c)(3) of the Internal Revenue Code, whose purpose is to provide health, career, and human services to support and enhance the well-being of individuals and families across all ages, faiths, cultures and lifestyles.

JF&CS Foundation, Inc. was incorporated on December 18, 2006. The purpose of JF&CS Foundation, Inc. is to receive and administer funds for educational and charitable purposes for the exclusive benefit and support of Jewish Family & Career Services, Inc. JF&CS Foundation, Inc. is a private nonprofit organization as defined in Section 501(c)(3) of the Internal Revenue Code. JF&CS Foundation is further categorized as a Type 1 supporting organization under Section 509(a)(3) of the Internal Revenue Code.

Together, Jewish Family & Career Services, Inc. and JF&CS Foundation, Inc. are referred to as the Organization.

Principles of Combination

The combined financial statements include the accounts of Jewish Family & Career Services, Inc. and JF&CS Foundation, Inc. All significant intercompany accounts and transactions have been eliminated in combination.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Totals

Comparative totals included in the 2013 combined statements of activities should be read in conjunction with the 2012 combined financial statements from which the summarized information was derived.

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

1. Nature of Organization and Significant Accounting Policies – Continued

Method of Reporting and Financial Statement Presentation

The Organization maintains its accounts on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization reports information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions, as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions including the carrying value of all property and equipment. Items that affect (i.e., increase or decrease) this net asset category include program service fees and related expenses associated with the core activities of the Organization. In addition to these exchange transactions, changes to this category of net assets include investment income and unrestricted contributions.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed restrictions that may or will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are restricted contributions including promises to give for which restrictions have not been met or the specific time period that they may be used has not passed. These amounts are reclassified to unrestricted net assets when such restrictions are met or have expired.

Permanently Restricted Net Assets – Net assets subject to donor-imposed restrictions to be maintained permanently by the Organization. Items that affect this net asset category include gifts wherein donors stipulate that the corpus be held in perpetuity (primarily gifts for endowment) and only the income, as defined by the Organization's investment policy, be made available for program operations or other purposes as specified by the donor.

Unconditional promises to give and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of donor restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all short-term, interest-bearing deposits with original maturities of three months or less to be cash equivalents.

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

1. Nature of Organization and Significant Accounting Policies – Continued

Grants and Accounts Receivable

Reimbursements to be received under contracts with Federal grantors are recorded as revenue when the related expenditures are incurred. Reimbursements are based on actual expenditures or cost per unit of service arrangements. Grants and accounts receivables represent amounts due for such expenditures incurred prior to year-end. Management believes grants and accounts receivable are fully collectible as of June 30, 2013 and 2012.

Unconditional Promises to Give

Promises to give are recognized as revenues in the period the promise is made at their estimated fair value less an appropriate allowance for uncollectible amounts. Promises to give over more than one year are recorded at their discounted present value. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Prepaid Expenses

In October 2000, the Organization advanced \$150,000 to The William Breman Jewish Home, Inc. to assist with renovation and construction of facilities for the Organization's various programs. The advance will be paid back over 40 years by a reduction of rent paid and has been recorded as prepaid rent. Rent expense of \$3,750 decreased prepaid rent for each of the years ended June 30, 2013 and 2012.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based on quoted market prices with all gains and losses reported in the statements of activities.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. Property and equipment are stated at cost or estimated fair value at time of donation. Depreciation is computed by the straight-line method over the estimated useful lives as stated below:

Buildings and improvements	10 - 40 years
Furniture, fixtures and equipment	3 - 7 years
Vehicles	5 years

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

1. Nature of Organization and Significant Accounting Policies – Continued

Property and Equipment – Continued

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The Organization's management identified no indicators of impairment of property and equipment as of June 30, 2013 and 2012.

Deferred Revenue

Deferred revenue primarily represents fees received for services to be performed in the subsequent year.

Ben Massell Dental Clinic Contributed Services

The Organization operates the Ben Massell Dental Clinic (BMDC) which provides quality dental care at no cost to Atlanta's neediest population. The fair market value of dental procedures provided to patients aggregated \$4,930,684 and \$3,944,429 during the years ended June 30, 2013 and 2012, respectively.

BMDC's procedures are solely provided by volunteer dentists. Such non-cash gifts of services (and corresponding offsetting expenses) are recorded at their estimated fair value upon receipt, as such services are provided by individuals possessing specialized skills that would need to be purchased if not provided by donation. For the year ended June 30, 2013, BMDC provided 18,575 procedures which had an aggregate estimated fair value of \$1,741,719. For the year ended June 30, 2012, BMDC provided 15,968 procedures which had an aggregate estimated fair value of \$1,380,550. The estimated fair value recorded is based on the estimated fair market value of the service less an estimated overhead percentage.

JEWISH FAMILY & CAREER SERVICES, INC.
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NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

1. Nature of Organization and Significant Accounting Policies – Continued

Income Taxes

The Organization is a nonprofit organization exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. For the years ended June 30, 2013 and 2012, the Organization did not have any unrelated business income, and accordingly, no unrelated business income tax. The Organization believes that it has appropriate support for any tax positions taken, and as such does not have any uncertain tax positions (based upon a "more-likely-than-not" standard for substantiation) that are material to the financial statements. The Organization's income tax returns are subject to examination by the appropriate regulatory authorities for all open years, which typically include the last three years filed.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services.

Subsequent Event

Subsequent events have been evaluated through December 2, 2013, which is the date the financial statements were available to be issued, and there were no significant subsequent events.

2. Concentration of Credit Risk

Cash and cash equivalents include demand deposits and money market accounts. The demand deposit balances in the Organization's bank accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. Uninsured balances in the demand deposit accounts as of June 30, 2013 totaled \$258,760. Balances in the Organization's money market accounts are insured by the Securities Investors Protection Corporation up to \$500,000 in securities protection that includes protection for up to \$250,000 in non-invested cash. There were no uninsured balances in money market accounts as of June 30, 2013. Management believes that cash and investments are maintained at financial institutions with high credit ratings that would, under normal circumstances, carry a low risk of potential loss.

JEWISH FAMILY & CAREER SERVICES, INC.
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NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

3. Unconditional Promises to Give, Net

All promises to give are expected to be received within one to five years. Unconditional promises to give at June 30 are as follows:

	2013	2012
Jewish Federation promise to give	\$ 1,428,904	\$ 1,273,193
United Way Services promise to give	508,357	476,428
Unrestricted annual giving promises to give	571,387	551,517
	\$ 2,508,648	\$ 2,301,138

Pledges receivable are expected to be collected as follows:

Pledges receivable due within one year	\$ 2,305,948
Pledges receivable due within one to five years	227,500
Less present value discount of 5%	(24,800)
	\$ 2,508,648

4. Capital Campaign Promises to Give and Contribution

The Organization began a Capital Campaign during the year ended June 30, 2007 to raise funds for the new Ben Massell Dental Clinic. Construction began during the fall of 2007 and was completed October of 2008. The cumulative Capital Campaign promises to give as of June 30, 2013 totaled approximately \$5,600,000, of which a total of approximately \$5,567,074 has been collected. Capital Campaign promises to give are due as follows:

Pledges due within one year	\$ 18,400
Pledges due within one to five years	16,450
Less present value discount of 5%	(1,923)
Capital campaign promises to give, net	\$ 32,927

JEWISH FAMILY & CAREER SERVICES, INC.
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NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

5. Investments

Investment Policy

The Board of Directors of JF&CS Foundation has adopted an Investment Policy for the purpose of providing general guidelines for the prudent management of its investments. The JF&CS Foundation Board has fiduciary responsibility for directing and monitoring the investment management of the assets and is authorized to establish relationships and delegate responsibilities to a third party to manage the assets. The JF&CS Foundation Board has delegated management responsibility to an external professional investment manager.

To satisfy the long-term objectives of JF&CS Foundation, the investment policy has various asset allocation guidelines. The target allocations are intended to represent long term averages based on the overall risk level the Foundation is willing take with respect to the portfolio, the intent being that current allocations be determined by the investment advisor within certain parameters and approved by the Foundation Board. The JF&CS Foundation Board reviews these allocation percentages periodically.

The JF&CS Foundation Board meets on a quarterly basis with an external professional investment manager to review asset performance results, comparable benchmark results, plan reports, asset allocation, appropriateness of plan assets and any other related issues. The Investment Policy is reviewed at least annually to determine whether it is still appropriate.

Spending Policy

The JF&CS Foundation Board determines the amount to be made available annually to meet the needs of and be spent by Jewish Family & Career Services. The annual amount expected to be spent is approximately 5% of the total asset value (with the exception of money related to the capital campaign), however, the JF&CS Foundation Board has the discretion to adjust this amount as needed based on market conditions. Under no circumstances are amounts spent that are not in line with the donor's intent, a written donor agreement, or the charitable mission of Jewish Family & Career Services. Additionally, no funds may be used to further any personal interests of any related party to Jewish Family & Career Services or JF&CS Foundation. For the years ended June 30, 2013 and 2012, the Organization had total investment fees and expenses of approximately \$27,000 and \$25,000 respectfully.

JEWISH FAMILY & CAREER SERVICES, INC.
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NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

5. Investments – Continued

Investment Assets

The Organization classifies its investment assets using a hierarchy of inputs to fair value measurements in accordance with professional standards, as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology that are derived principally from or corroborated by observable market data:

- 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 assets or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs that are unobservable and significant to the overall 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.

The Organization's direct investments in equity and fixed income securities consist primarily of investments in exchange-traded companies, mutual funds or bond funds. Accordingly, the Organizations' direct investments in equity and fixed income investments are Level 1 securities. The Organization values all other securities at prices provided by its investment manager, which obtains such pricing from recognized pricing services. Such services generally provide daily asset pricing and are verified by the investment manager by reference to a secondary pricing source. Accordingly, a portion of the Organization's other investments are classified as Level 2 investments. None of the Organization's investments are Level 3 investments.

JEWISH FAMILY & CAREER SERVICES, INC.
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NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

5. Investments – Continued

	<u>Fair Value Hierarchy</u>	<u>2013</u>	<u>2012</u>
Agency Investments			
Money market funds	2	\$ 84,928	\$ 96,674
Equity mutual funds	1	559,754	208,622
Preferred securities	1	74,612	96,066
Equities	1	152,301	264,814
Bond funds and corporate bonds	1	19,252	108,476
Broad commodity funds	1	53,840	29,764
Total Agency investments		<u>\$ 944,687</u>	<u>\$ 804,416</u>
Foundation Investments			
Money market funds	2	\$ 202,361	\$ 335,729
Equities:			
Large cap growth	1	161,391	134,561
Large cap value	1	420,211	310,807
Large cap blend	1	270,580	150,396
Mid cap growth	1	421,047	145,687
Mid cap value	1	158,537	115,890
Mid cap blend	1	75,952	61,576
Small cap blend	1	58,103	94,274
International	1	443,659	372,507
Fixed Income:			
Short term bond fund	1	511,280	612,079
Inflation protected bond fund	1	47,256	13,286
Nontraditional bond fund	1	150,473	-
High Yield bond fund	1	13,435	13,126
Intermediate term bond fund	1	202,853	421,791
Blended bond funds	1	243,771	231,480
Corporate bonds	1	50,994	86,735
Non-U.S Fixed income	1	317,182	329,447
Other :			
Long/short equity	1	245,983	246,933
Commodities	1	15,531	147,006
Precious metals	1	64,822	75,464
Risk allocation	2	78,811	77,129
Real estate (REIT's)	2	29,777	58,195
Total Foundation investments		<u>\$ 4,184,009</u>	<u>\$ 4,034,098</u>

JEWISH FAMILY & CAREER SERVICES, INC.
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NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

5. Investments – Continued

Agency investments are primarily designated or restricted for various purposes.

	2013	2012
Investment income (loss) represents the following:		
Interest and dividends	\$ 134,278	\$ 123,649
Realized gain	31,736	71,007
Unrealized gain (loss)	161,039	(224,381)
Investment income	\$ 327,053	\$ (29,725)

6. Property and Equipment

Property and equipment consist of the following at June 30:

	2013	2012
Land and building	\$ 3,282,601	\$ 3,282,601
Land and building under capital lease	2,517,501	2,440,281
Leasehold improvements	782,027	782,027
Office equipment and furniture	1,082,030	1,074,362
Dental equipment and furniture	1,556,776	1,556,776
Vehicles	410,587	386,087
	9,631,522	9,522,134
Less accumulated depreciation	(3,997,474)	(3,521,781)
Property and equipment, net	\$ 5,634,048	\$ 6,000,353

Depreciation expense for the years ended June 30, 2013 and 2012 was \$475,693 and \$485,020, respectively.

JEWISH FAMILY & CAREER SERVICES, INC.
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NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

7. Deferred Compensation

The Organization has entered into a deferred compensation agreement with its Chief Executive Officer which provides benefits payable at the earlier of age 66, retirement, death, total disability, or severance from the Organization. Under certain conditions, benefits are payable to his surviving beneficiary. The amount of the liability at June 30, 2013 and 2012 is \$580,447 and \$464,996, respectively. The deferred compensation charged to expense totaled approximately \$80,000 and \$65,000 for the years ended June 30, 2013 and 2012, respectively.

The Organization also maintains a deferred compensation plan under Internal Revenue Code Section 457(b) for a select group of management or highly compensated employees. Eligible employees may elect to make pre-tax deferrals into this plan up to Internal Revenue Service contribution limits. All compensation deferred under this plan and all property purchased with such deferrals remains the property of the Organization until distributed to the employee. The amount of the liability at June 30, 2013 and 2012 is \$226,383 and \$198,457, respectively.

8. Line of Credit

The Organization has a line of credit with a maximum amount available of \$600,000 that is secured by property owned by the Organization and is due on demand. The Organization is required to pay down any outstanding balance under this line to a maximum of \$100 for 30 consecutive days annually. The line of credit accrues interest at the Bank's Prime Rate plus 1.5% with a floor of 5% (5% at June 30, 2013). There was no amount due on the line of credit as of June 30, 2013 and June 30, 2012. This line of credit agreement expires March 11, 2014.

9. Lease Obligations

The Organization is the lessee of its corporate office building and phone equipment under agreements that allow the Organization to purchase the related assets for a significantly reduced amount (less than \$1,000) on expiration of the leases. The building lease expires in August 2021 and the phone equipment lease expires June 2014. These agreements have been accounted for as capital leases. The building and phone equipment leases have been capitalized based upon interest rates of 6% and 5%, respectively. However, payments under the building lease vary based on LIBOR (up to a maximum of 6%).

JEWISH FAMILY & CAREER SERVICES, INC.
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NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

9. Lease Obligations – Continued

Contractual future lease payments under capital leases for each of the next five years and in the aggregate are:

<u>For Year Ending June 30:</u>	<u>Building</u>	<u>Phone Equipment</u>	<u>Total</u>
2014	\$ 80,173	\$ 29,898	\$ 110,071
2015	80,173	-	80,173
2016	80,173	-	80,173
2017	80,173	-	80,173
2018	80,173	-	80,173
Thereafter	<u>247,200</u>	<u>-</u>	<u>247,200</u>
Total minimum lease payments	648,065	29,898	677,963
Less amount representing interest	<u>(131,451)</u>	<u>(390)</u>	<u>(131,841)</u>
	<u>\$ 516,614</u>	<u>\$ 29,508</u>	<u>\$ 546,122</u>

The Organization has several non-cancelable operating leases, primarily for leased facilities and equipment that expire over future years and provide for purchase or renewal options. Future minimum lease payments under non-cancelable operating leases are:

<u>For Year Ending June 30:</u>	
2014	\$ 96,340
2015	63,967
2016	39,642
2017	33,454
2018	<u>15,782</u>
Total minimum lease payments	<u>\$ 249,185</u>

Total rent expense for operating leases was approximately \$73,000 and \$152,000 for the years ended June 30, 2013 and 2012, respectively.

JEWISH FAMILY & CAREER SERVICES, INC.
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NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

10. Temporarily Restricted Net Assets

Temporarily restricted net assets are comprised of funds the Organization has received subject to donor imposed restrictions. Temporarily restricted net assets are available for the following purposes or time at June 30:

	2013	2012
Jewish Federation funding	\$ 1,428,904	\$ 1,385,126
United Way Services funding	508,357	476,428
Ben Massell Dental Clinic	65,816	52,894
Aviv Older Adult Services	109,776	31,464
Adoption Services	157,874	182,654
Counseling/Child and Adolescent Services	204,257	202,287
Developmental Disabilities Services	300,943	321,522
Building/general and administrative	207,496	239,207
Community Human Services	25,574	8,691
Passover and emergency assistance	130,580	128,701
Grants restricted for use in the subsequent year	854,251	754,126
Total temporarily restricted net assets	\$ 3,993,828	\$ 3,783,100

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

	2013	2012
Cash and cash equivalents	\$ 364,455	\$ 149,252
Jewish Federation promise to give	1,428,904	1,273,193
United Way Services promise to give	508,357	476,428
Capital campaign promises to give, net	32,927	59,554
Investments at JF&CS, Inc.	63,245	60,956
Investments at JF&CS Foundation, Inc.	1,595,940	1,763,717
Total temporarily restricted net assets	\$ 3,993,828	\$ 3,783,100

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

10. Temporarily Restricted Net Assets – Continued

During 2013 and 2012 certain net assets were released from donor restrictions by satisfying time and/or program restrictions specified by donors. Total satisfaction of program restrictions was as follows:

	2013	2012
Federal award grants	\$ 837,072	\$ 1,747,676
Grants	2,043,309	1,925,233
Passover and emergency assistance	187,005	142,548
Other	316,893	424,753
Total satisfaction of program restrictions	\$ 3,384,279	\$ 4,240,210

11. Permanently Restricted Net Assets and Endowment Funds

For permanently restricted endowments, JF&CS Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date absent explicit donor stipulations to the contrary. As a result, JF&CS Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to a permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. Unless otherwise stated in the donor agreement, earnings on permanent endowments are classified as temporarily restricted for the purpose specified by the donor until those funds are approved to be spent.

Permanently restricted net assets are comprised of the corpus of investments subject to donor imposed restrictions. Income from these investments may be expended to support the following activities at June 30:

	2013	2012
Aviv Older Adult Services	\$ 912,039	\$ 908,477
Adoption Services	25,000	25,000
Counseling/Child and Adolescent Services	27,065	27,065
Developmental Disabilities Services	577,913	577,913
Ben Massell Dental Clinic	591,942	526,262
Community Human Service Endowment - donor directs the use of income for various programs as needs change	505,760	505,760
Total permanently restricted net assets	\$ 2,639,719	\$ 2,570,477

JEWISH FAMILY & CAREER SERVICES, INC.
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NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

11. Permanently Restricted Net Assets and Endowment Funds – Continued

All funds held by JF&CS Foundation, Inc. were established by gifts or bequests to provide a source of future income generally for specific purposes and are therefore considered endowment funds for financial reporting purposes. Jewish Family & Career Services, Inc. does not maintain any endowment funds but rather receives numerous grants and contributions from various funders generally to be used for Organization activities within the upcoming year. Endowment and other funds by net assets category consisted of the following as of June 30, 2013 and 2012:

2013	Unrestricted Board Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment funds, beginning of year	\$ 484,457	\$ 979,164	\$ 2,570,477	\$ 4,034,098
Contributions/transfers	10,540	89,280	10,678	110,498
Capital campaign contributions and pledges paid	-	-	58,564	58,564
Investment income	15,300	118,749	-	134,049
Net appreciation of investments	23,184	160,420	-	183,604
Appropriation of endowment assets for expenditure	(28,000)	(308,804)	-	(336,804)
Endowment funds, end of year	505,481	1,038,809	2,639,719	4,184,009
All other funds	5,666,550	2,955,019	-	8,621,569
Total net assets	<u>\$ 6,172,031</u>	<u>\$ 3,993,828</u>	<u>\$ 2,639,719</u>	<u>\$ 12,805,578</u>
2012				
Endowment funds, beginning of year	\$ 521,833	\$ 1,175,045	\$ 2,542,745	\$ 4,239,623
Contributions/transfers	13,639	210,283	3,459	227,381
Capital campaign contributions and pledges paid	-	-	37,000	37,000
Investment income	14,430	108,280	-	122,710
Net depreciation of investments	(20,080)	(133,294)	-	(153,374)
Release of donor restriction	-	12,727	(12,727)	-
Appropriation of endowment assets for expenditure	(45,365)	(393,877)	-	(439,242)
Endowment funds, end of year	484,457	979,164	2,570,477	4,034,098
All other funds	6,097,156	2,803,936	-	8,901,092
Total net assets	<u>\$ 6,581,613</u>	<u>\$ 3,783,100</u>	<u>\$ 2,570,477</u>	<u>\$ 12,935,190</u>

JEWISH FAMILY & CAREER SERVICES, INC.
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NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

12. Contingencies

The Organization is a defendant in litigation concerning a motor vehicle accident in which the plaintiff seeks damages of \$900,000. The matter is covered by the Organization's insurance. Accordingly, the Organization does not expect the resolution of this matter to have an adverse impact on the Organization's financial position. Management is not aware of any other pending litigation.

Certain federally funded programs are routinely subject to special audit. Such federal agencies have the authority to determine liabilities as well as to limit, suspend, or terminate the federal programs. Since the Organization does not expect claims to arise as a result of such audits, no provision for liabilities, if any, has been provided in the combined financial statements.

13. Employee Benefit Plan

The Organization maintains a 401(k) plan and matches 100% of the first 3% contributed by eligible employees and 50% of the next 2% contributed by eligible employees to the plan. Contributions for the years ended June 30, 2013 and June 30, 2012 totaled approximately \$137,000 and \$126,000, respectively.

14. Change in Net Assets

The total change in net assets, excluding non-cash depreciation expense is detailed below.

	2013	2012
Total change in net assets per Statement of Activities	\$ (129,612)	\$ 75,497
Plus depreciation expense	475,693	485,020
Change in net assets, excluding depreciation expense	\$ 346,081	\$ 560,517

JEWISH FAMILY & CAREER SERVICES, INC.
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REPORTS AND OTHER SCHEDULES AND INFORMATION
AS REQUIRED BY OMB CIRCULAR A-133

FOR THE YEAR ENDED JUNE 30, 2013

JEWISH FAMILY & CAREER SERVICES, INC.
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-Through Grantor Program Title	Date of Service	Grant Award #	Grant Award	Federal CFDA #	Federal Expenditures
U.S. Department of Health and Human Services:					
<u>Direct Awards</u>					
Elderly Refugees	9/30/12-12/13/13	42700-040-0000016821	90,000	93.576	\$ 34,107
<u>Passed Through Atlanta Regional Commission</u>					
National Family Caregiver Support	7/1/10-6/30/12	AG1217	61,859	93.052	61,859
<u>Passed Through DeKalb County</u>					
Promoting Safe & Stable Families	10/1/1-9/30/12	874-201214001056	74,949	93.556	25,824
<u>Passed Through Hebrew Immigrant Society</u>					
Russian Resettlement Program	3/1/12-2/28/13	90RV0063/01	Served	93.567	17,100
Russian Resettlement Program	10/1/12-9/30/13	90RV0063/02	Served	93.567	58,577
Russian Resettlement Preferred Communities Program	9/30/11-9/29/12	90RP0076/02	71,238	93.567	13,006
Total U.S. Department of Health and Human Services					210,473
U.S. Department of Labor:					
<u>Passed Through Atlanta Regional Commission</u>					
Atlanta Regional Commission - Title V	7/1/11-6/30/12	AG1217	295,954	17.235	265,837
Total U.S. Department of Labor					265,837
Department of State					
<u>Passed through council of Jewish Federations</u>					
Russian Resettlement Program	10/1/11-9/30/12	SPRMC012CA009	Served	19.51	5,400
Russian Resettlement Program	10/1/12-9/30/13	SPRMC013CA1024	Served	19.51	86,944
Total Department of State					92,344

(Continued on next page.)
See accompanying notes to schedule of expenditures of federal awards.

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-Through Grantor Program Title	Date of Service	Grant Award #	Grant Award	Federal CFDA #	Federal Expenditures
Department of Homeland Security:					
USCIS Citizenship	10/1/11-9/30/12	2011-CS-010-000025	150,000	97.01	69,724
Total Department of Homeland Security					<u>69,724</u>
U.S. Department of Justice:					
<u>Passed Through the Criminal Justice Coordinating Council</u>					
Violence Against Women Grant Program	1/1/12-9/30/12	C82-8-034	16,891	16.588	3,607
Violence Against Women Grant Program	1/1/13-12/31/13	W12-8-037	28,956	16.588	14,432
Violence Against Women Grant Program	1/1/12-12/31/12	W11-8-038	12,065	16.588	6,045
Violence Against Women Grant Program	10/1/10-9/30/13	C12-8-078	41,103	16.588	25,448
Violence Against Women Grant Program	10/1/11-9/30/12	C11-8-075	41,103	16.588	9,489
Total U.S. Department of Justice					<u>59,021</u>
Department of Education					
<u>Passed Through Technical College of Georgia</u>					
Adult Education Program	7/1/12-9/30/13	2632A-R	45,000	84.002	43,478
EL/Civics Program	7/1/12-9/30/13	2662A-002	96,000	84.002	93,678
Professional development	7/1/12-9/30/13	2662A-002	5,000	84.002	2,517
Total Department of Education					<u>139,673</u>
Total federal expenditures					<u>\$ 837,072</u>

See accompanying notes to schedule of expenditures of federal awards.

JEWISH FAMILY & CAREER SERVICES, INC.
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NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards summarizes the expenditures of the Organization under programs of the federal government for the year ended June 30, 2013 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the provisions of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic combined financial statements.

2. Accounting Principles

Expenditures for direct costs are recognized as incurred using the accrual method of accounting and the cost accounting principles contained in OMB Circular A-122, *Cost Principles for Nonprofit Organizations*. Under these cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

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MEMBER OF AICPA
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
of Jewish Family & Career Services, Inc. and Affiliate:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Jewish Family & Career Services, Inc. and Affiliate (the Organization) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 2, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered Jewish Family & Career Services, Inc. and Affiliate's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jewish Family & Career Services, Inc. and Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jewish Family & Career Services, Inc. and Affiliate's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brooks, McAnnis & Company, LLC

Atlanta, Georgia
December 2, 2013

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of
Jewish Family & Career Services, Inc. and Affiliate:

Report on Compliance for Each Major Federal Program

We have audited Jewish Family & Career Services, Inc. and Affiliate's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Jewish Family & Career Services, Inc. and Affiliate's major federal programs for the year ended June 30, 2013. Jewish Family & Career Services, Inc. and Affiliate's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Jewish Family & Career Services, Inc. and Affiliate's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jewish Family & Career Services, Inc. and Affiliate's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Jewish Family & Career Services, Inc. and Affiliate's compliance.

Opinion on Each Major Federal Program

In our opinion, Jewish Family & Career Services, Inc. and Affiliate complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Jewish Family & Career Services, Inc. and Affiliate is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jewish Family & Career Services, Inc. and Affiliate's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jewish Family & Career Services, Inc. and Affiliate's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Brooks, McJinnis & Company, LLC

Atlanta, Georgia
December 2, 2013

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

Section I – Summary of Auditor’s Results

Financial Statements

The type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No

Identification of major programs:

<u>Name</u>	<u>CFDA Number</u>
U.S. Department of Health and Human Services Refugee and Entrant Assistance - Matching Grant Program	83.567
U.S. Department of Education Adult Education - Basic Grants to States	84.002

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as a low-risk auditee?	Yes

Section II – Financial Statement Findings None

Section III – Federal Award Findings and Questioned Costs None

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

There were no prior year audit findings reported for the year ended June 30, 2012.

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE

OTHER INFORMATION AS REQUIRED BY
THE STATE OF GEORGIA

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INDEPENDENT AUDITOR'S REPORT ON OTHER INFORMATION

To the Board of Directors
of Jewish Family & Career Services, Inc. and Affiliate:

We have audited the combined financial statements of Jewish Family & Career Services, Inc. and Affiliate for the years ended June 30, 2013 and 2012 and have issued our report thereon dated December 2, 2013. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The following schedule of state contractual assistance is presented for the purposes of additional analysis and is not a required part of the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Brooks, McGinnis & Company, LLC

Atlanta, Georgia
December 2, 2013

JEWISH FAMILY & CAREER SERVICES, INC.
 AND AFFILIATE
 SCHEDULE OF STATE CONTRACTUAL ASSISTANCE
 FOR THE YEAR ENDED JUNE 30, 2013

State Contract Number	Award	Expenditures	Cash Receipts	Due From (To) State Agency	Contract Dates
Passed through Atlanta Regional Commission:					
National Family Caregiver Support -State	\$ 8,771	\$ 8,771	\$ 8,771	\$ -	7/1/12 - 6/30/13

See Independent Auditor's Report on Other Information.

JEWISH FAMILY & CAREER SERVICES, INC.
AND AFFILIATE

OTHER INFORMATION AS REQUESTED
BY A GRANTOR AGENCY

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INDEPENDENT AUDITOR'S REPORT ON OTHER INFORMATION

To the Board of Directors
of Jewish Family & Career Services, Inc. and Affiliate:

We have audited the combined financial statements of Jewish Family & Career Services, Inc. and Affiliate for the years ended June 30, 2013 and 2012 and have issued our report thereon dated December 2, 2013. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The following schedule of other contractual assistance is presented for the purposes of additional analysis and is not a required part of the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Brooks, McGinnis & Company, LLC

Atlanta, Georgia
December 2, 2013

JEWISH FAMILY & CAREER SERVICES, INC.
 AND AFFILIATE
 SCHEDULE OF OTHER CONTRACTUAL ASSISTANCE
 REVIEWED DURING THE AUDIT
 FOR THE YEAR ENDED JUNE 30, 2013

State Contract Number	Award	Expenditures	Cash Receipts	Contract Dates
Conference on Jewish Material Claims Against Germany, Inc.				
Claims Conference In-Home Services Program	\$ 325,743	\$ 325,743	\$ 325,743	1/1/12-12/31/12

See Independent Auditor's Report on Other Information.