JEWISH FAMILY AND CHILDREN'S SERVICE, INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2016
AND 15-MONTH PERIOD ENDED SEPTEMBER 30, 2015

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
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15-MONTH PERIOD ENDED SEPTEMBER 30, 2015

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Jewish Family and Children's Service, Inc.
and Subsidiaries
Phoenix, Arizona

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Jewish Family and Children's Service, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as of September 30, 2016 and 2015, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year ended September 30, 2016 and the 15-month period ended September 30, 2015, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jewish Family and Children's Service, Inc., as of September 30, 2016 and 2015, and their changes in net assets and their cash flows for the year ended September 30, 2016 and the 15-month period ended September 30, 2015, in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
March 20, 2017

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2016 AND 2015

	2016	2015
ASSETS		
Cash and Cash Equivalents	$ 8,977,757	$ 12,304,168
Receivables, Net	1,576,290	1,566,415
Related Party Receivables, Net	1,322,413	1,210,007
Prepaid Expenses	326,713	241,684
Deposits	154,441	153,992
Investments Held in Community Foundation	716,976	504,567
Investment in Joint Ventures	1,390,411	1,513,539
Property and Equipment, Net	4,916,204	4,896,171
Pledges Receivable, Net	1,046,826	801,150
Total Assets	$ 20,428,031	$ 23,191,693
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 369,442	$ 436,928
Accrued Expenses and Other Liabilities	1,871,966	1,803,100
Accrued Compensated Absences	834,366	847,896
Deferred Revenue	3,292,474	6,414,020
Recoupment Liability	554,001	-
Notes Payable	2,772,530	2,993,117
Total Liabilities	9,694,779	12,495,061
NET ASSETS		
Board-Designated	716,976	504,567
Unrestricted	8,378,293	8,896,377
Total Unrestricted	9,095,269	9,400,944
Temporarily Restricted	1,637,983	1,295,688
Total Net Assets	10,733,252	10,696,632
Total Liabilities and Net Assets	$ 20,428,031	$ 23,191,693

See accompanying Notes to Consolidated Financial Statements.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES AND
CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE TOTALS FOR THE 15-MONTH PERIOD ENDED SEPTEMBER 30, 2015)

	2016			2015
	Unrestricted	Temporarily Restricted	Totals	Totals
SUPPORT, REVENUES, AND OTHER GAINS				
Support:				
Government and Contracts	$ 39,990,224	$ -	$ 39,990,224	$ 39,980,875
Contributions and Grants	2,447,485	641,827	3,089,312	2,752,943
Special Events, Net of Direct Benefit to Donors	280,599	-	280,599	329,369
Total Support	42,718,308	641,827	43,360,135	43,063,187
Revenues and Other Gains:				
Client Program Fees	96,541	-	96,541	346,370
Third Party Fees	695,396	-	695,396	703,449
Management Services	2,391,044	-	2,391,044	4,947,528
Investment Income	27,140	5,730	32,870	55,635
Miscellaneous Income	466,330	-	466,330	27,662
Total Revenues and Other Gains	3,676,451	5,730	3,682,181	6,080,644
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	305,262	(305,262)	-	-
Total Support, Revenues, and Other Gains	46,700,021	342,295	47,042,316	49,143,831

(Continued)

See accompanying Notes to Consolidated Financial Statements.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES AND
CHANGES IN NET ASSETS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE TOTALS FOR THE 15-MONTH PERIOD ENDED SEPTEMBER 30, 2015)

	2016			2015
	Unrestricted	Temporarily Restricted	Totals	Totals
FUNCTIONAL EXPENSES				
Program Services:				
Behavioral Health Services	$ 26,722,328	$ -	$ 26,722,328	$ 26,080,312
Shelter Without Walls	322,661	-	322,661	452,394
Real World Job Development	510,996	-	510,996	633,386
Homebased Services	6,192,340	-	6,192,340	6,093,000
Older Adults	900,501	-	900,501	1,227,614
Jewish Community Services	351,277	-	351,277	403,862
Prevention Services	315,914	-	315,914	423,151
Total Program Services	35,316,017	-	35,316,017	35,313,719
Supporting Services:				
Management and General	5,456,818	-	5,456,818	5,425,722
Management Services	4,302,815	-	4,302,815	5,846,672
Fundraising	791,816	-	791,816	978,688
Twenty Thirty Three	782,159	-	782,159	777,861
Other	356,071	-	356,071	397,098
Total Supporting Services	11,689,679	-	11,689,679	13,426,041
Total Functional Expenses	47,005,696	-	47,005,696	48,739,760
CHANGES IN NET ASSETS	(305,675)	342,295	36,620	404,071
Net Assets - Beginning of Year	9,400,944	1,295,688	10,696,632	10,292,561
NET ASSETS - END OF YEAR	$ 9,095,269	$ 1,637,983	$ 10,733,252	$ 10,696,632

See accompanying Notes to Consolidated Financial Statements.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
15-MONTH PERIOD ENDED SEPTEMBER 30, 2015

	2015		
	Unrestricted	Temporarily Restricted	Totals
SUPPORT, REVENUES, AND OTHER GAINS			
Support			
Government and Contracts	$ 39,980,875	$ -	$ 39,980,875
Contributions and Grants	2,137,663	615,280	2,752,943
Special Events, Net of Direct Benefit to Donors	309,369	20,000	329,369
Total Support	42,427,907	635,280	43,063,187
Revenues and Other Gains			
Client Program Fees	346,370	-	346,370
Third Party Fees	703,449	-	703,449
Management Services	4,947,528	-	4,947,528
Investment Income	55,635	-	55,635
Miscellaneous Income	27,662	-	27,662
Total Revenues and Other Gains	6,080,644	-	6,080,644
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	406,238	(406,238)	-
Total Support, Revenues, and Other Gains	48,914,789	229,042	49,143,831

(Continued)

See accompanying Notes to Consolidated Financial Statements.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES AND
CHANGES IN NET ASSETS (CONTINUED)
15-MONTH PERIOD ENDED SEPTEMBER 30, 2015

	2015		
	Unrestricted	Temporarily Restricted	Totals
FUNCTIONAL EXPENSES			
Program Services:			
Behavioral Health Services	$ 26,080,312	$ -	$ 26,080,312
Shelter Without Walls	452,394	-	452,394
Real World Job Development	633,386	-	633,386
Homebased Services	6,093,000	-	6,093,000
Older Adults	1,227,614	-	1,227,614
Jewish Community Services	403,862	-	403,862
Prevention Services	423,151	-	423,151
Total Program Services	35,313,719	-	35,313,719
Supporting Services:			
Management and General	5,425,722	-	5,425,722
Management Services	5,846,672	-	5,846,672
Fundraising	978,688	-	978,688
Twenty Thirty Three	777,861	-	777,861
Other	397,098	-	397,098
Total Supporting Services	13,426,041	-	13,426,041
Total Functional Expenses	48,739,760	-	48,739,760
CHANGES IN NET ASSETS	175,029	229,042	404,071
Net Assets - Beginning of Year	9,225,915	1,066,646	10,292,561
NET ASSETS - END OF YEAR	$ 9,400,944	$ 1,295,688	$ 10,696,632

See accompanying Notes to Consolidated Financial Statements.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2016

	Program Services							
	Behavioral Health Services	Shelter Without Walls	Real World Job Development	Homebased Services	Older Adults	Jewish Community Services	Prevention Services	Total Program Services
EXPENSES								
Salaries	$ 17,235,138	$ 225,655	$ 278,921	$ 4,022,267	$ 593,118	$ 231,096	$ 237,233	$ 22,823,428
Payroll Taxes and Fringe Benefits	3,389,786	38,823	51,275	933,767	93,361	31,453	60,651	4,599,116
Total Payroll Expenses	20,624,924	264,478	330,196	4,956,034	686,479	262,549	297,884	27,422,544
Professional Fees and Contract Services	2,918,325	4,385	7,581	118,953	53,668	32,849	2,793	3,138,554
Supplies	99,099	1,351	4,700	24,366	33,533	219	118	163,386
Telephone	422,716	7,060	18,325	121,332	17,205	4,761	6,133	597,532
Postage, Shipping, and Delivery	47,898	242	2,327	3,247	3,913	415	81	58,123
Occupancy	1,331,683	2,607	74,794	17,548	37,625	619	2,257	1,467,133
Equipment	298,592	2,630	9,396	38,953	9,964	2,636	1,861	364,032
Printing and Publications	19,633	879	278	2,393	3,105	4,517	128	30,933
Travel	558,349	6,957	6,474	757,712	47,566	8,163	1,753	1,386,974
Meeting and Conferences	40,808	903	1,278	11,239	729	487	448	55,892
Events	1,000	-	-	-	-	9,717	-	10,717
Specific Assistance to Clients	76,649	27,804	37,167	94,308	75	21,190	-	257,193
Membership Dues and Subscriptions	36,726	1,281	730	8,033	1,176	458	409	48,813
Insurance	136,363	1,582	2,410	29,366	4,289	1,701	1,489	177,200
Depreciation and Amortization	83,099	277	4,324	4,801	738	280	244	93,763
Miscellaneous	26,464	225	11,016	4,055	436	716	316	43,228
Loss from Equity Method Investments	-	-	-	-	-	-	-	-
Provision for Doubtful Accounts	-	-	-	-	-	-	-	-
Total Non-Payroll Expenses	6,097,404	58,183	180,800	1,236,306	214,022	88,728	18,030	7,893,473
Total Expenses	$ 26,722,328	$ 322,661	$ 510,996	$ 6,192,340	$ 900,501	$ 351,277	$ 315,914	$ 35,316,017

(Continued)

See accompanying Notes to Consolidated Financial Statements.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE TOTALS FOR THE 15-MONTH PERIOD ENDED SEPTEMBER 30, 2015)

	Supporting Services							
	Management and General	Management Services	Fundraising	Twenty Thirty Three	Other	Total Supporting Services	Total Functional Expenses	2015 Totals
EXPENSES								
Salaries	$ 3,259,815	$ 1,025,156	$ 390,005	$ -	$ -	$ 4,674,976	$ 27,498,404	$ 28,742,191
Payroll Taxes and Fringe Benefits	632,590	332,577	68,713	-	(24,892)	1,008,988	5,608,104	5,875,561
Total Payroll Expenses	3,892,405	1,357,733	458,718	-	(24,892)	5,683,964	33,106,508	34,617,752
Professional Fees and Contract Services	872,311	614,133	60,128	18,741	(146)	1,565,167	4,703,721	5,534,599
Supplies	44,438	23,166	2,175	-	25	69,804	233,190	264,182
Telephone	62,889	115,135	6,954	-	(46)	184,932	782,464	727,962
Postage, Shipping, and Delivery	9,653	4,632	8,117	-	(1)	22,401	80,524	99,233
Occupancy	272,483	207,366	32,024	42,773	(11)	554,635	2,021,768	2,188,631
Equipment	125,439	90,556	27,496	53,679	(99)	297,071	661,103	725,029
Printing and Publications	37,638	10,788	18,816	-	1	67,243	98,176	145,213
Travel	27,021	67,737	3,477	-	-	98,235	1,485,209	1,359,106
Meeting and Conferences	40,803	23,095	19,400	-	(1)	83,297	139,189	174,631
Events	7,847	-	135,845	-	-	143,692	154,409	136,288
Specific Assistance to Clients	-	-	-	-	-	-	257,193	453,130
Membership Dues and Subscriptions	11,622	3,607	2,331	-	(22)	17,538	66,351	90,798
Insurance	25,776	44,956	3,698	27,610	(98)	101,942	279,142	311,526
Depreciation and Amortization	7,496	12,843	1,466	527,331	(16)	549,120	642,883	530,382
Miscellaneous	18,997	4,111	11,171	112,025	1,297	147,601	190,829	219,066
Loss from Equity Method Investments	-	123,128	-	-	-	123,128	123,128	166,756
Provision for Doubtful Accounts	-	1,599,829	-	-	380,080	1,979,909	1,979,909	995,476
Total Non-Payroll Expenses	1,564,413	2,945,082	333,098	782,159	380,963	6,005,715	13,899,188	14,122,008
Total Expenses	$ 5,456,818	$ 4,302,815	$ 791,816	$ 782,159	$ 356,071	$ 11,689,679	$ 47,005,696	$ 48,739,760

See accompanying Notes to Consolidated Financial Statements.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
15-MONTH PERIOD ENDED SEPTEMBER 30, 2015

	Program Services							
	Behavioral Health Services	Shelter Without Walls	Real World Job Development	Homebased Services	Older Adults	Jewish Community Services	Prevention Services	Total Program Services
EXPENSES								
Salaries	$ 15,887,874	$ 270,977	$ 357,634	$ 3,963,543	$ 801,299	$ 246,022	$ 327,402	$ 21,854,751
Payroll Taxes and Fringe Benefits	3,252,200	62,639	58,336	941,508	134,658	33,189	65,184	4,547,714
Total Payroll Expenses	19,140,074	333,616	415,970	4,905,051	935,957	279,211	392,586	26,402,465
Professional Fees and Contract Services	3,652,430	12,691	6,676	92,690	78,697	47,462	4,360	3,895,006
Supplies	128,543	1,823	8,764	19,994	42,065	609	863	202,661
Telephone	399,975	8,497	27,702	126,953	20,048	5,576	9,262	598,013
Postage, Shipping, and Delivery	62,640	309	3,131	3,439	4,658	416	56	74,649
Occupancy	1,441,888	3,406	84,319	21,074	48,784	943	2,167	1,602,581
Equipment	308,826	3,876	12,210	44,884	13,438	3,019	6,598	392,851
Printing and Publications	20,073	278	616	1,688	4,231	8,226	229	35,341
Travel	420,382	10,517	7,186	724,662	61,997	9,479	3,695	1,237,918
Meeting and Conferences	45,598	1,103	608	11,378	618	113	459	59,877
Events	959	160	-	-	3,971	9,439	-	14,529
Specific Assistance to Clients	207,271	71,868	43,799	95,812	-	34,360	-	453,110
Membership Dues and Subscriptions	40,009	1,542	1,028	9,367	1,888	619	655	55,108
Insurance	129,731	2,137	2,910	28,543	5,738	1,909	1,930	172,898
Depreciation and Amortization	62,263	574	6,599	6,735	1,880	504	290	78,845
Miscellaneous	19,650	(3)	11,868	730	3,644	1,977	1	37,867
Loss from Equity Method Investments	-	-	-	-	-	-	-	-
Provision for Doubtful Accounts	-	-	-	-	-	-	-	-
Total Non-Payroll Expenses	6,940,238	118,778	217,416	1,187,949	291,657	124,651	30,565	8,911,254
Total Expenses	$ 26,080,312	$ 452,394	$ 633,386	$ 6,093,000	$ 1,227,614	$ 403,862	$ 423,151	$ 35,313,719

(Continued)

See accompanying Notes to Consolidated Financial Statements.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
15-MONTH PERIOD ENDED SEPTEMBER 30, 2015

	Supporting Services						
	Management and General	Management Services	Fundraising	Twenty Thirty Three	Other	Total Supporting Services	Total Functional Expenses
EXPENSES							
Salaries	$ 3,400,542	$ 3,060,278	$ 420,620	$ -	$ 6,000	$ 6,887,440	$ 28,742,191
Payroll Taxes and Fringe Benefits	725,940	518,340	81,473	-	2,094	1,327,847	5,875,561
Total Payroll Expenses	4,126,482	3,578,618	502,093	-	8,094	8,215,287	34,617,752
Professional Fees and Contract Services	598,678	807,048	180,811	41,267	11,789	1,639,593	5,534,599
Supplies	41,624	17,835	2,062	-	-	61,521	264,182
Telephone	72,430	48,970	8,626	-	(77)	129,949	727,962
Postage, Shipping, and Delivery	9,897	7,367	7,321	-	(1)	24,584	99,233
Occupancy	272,115	219,479	37,956	56,457	43	586,050	2,188,631
Equipment	118,792	120,383	32,995	60,205	(197)	332,178	725,029
Printing and Publications	39,606	45,421	24,879	-	(34)	109,872	145,213
Travel	27,073	88,523	5,578	-	14	121,188	1,359,106
Meeting and Conferences	46,105	39,281	29,376	-	(8)	114,754	174,631
Events	2,049	-	119,710	-	-	121,759	136,288
Specific Assistance to Clients	-	-	-	-	20	20	453,130
Membership Dues and Subscriptions	20,696	12,418	2,622	-	(46)	35,690	90,798
Insurance	24,963	59,506	4,242	50,073	(156)	138,628	311,526
Depreciation and Amortization	6,650	9,924	804	434,185	(26)	451,537	530,382
Miscellaneous	18,562	15,965	10,591	135,674	407	181,199	219,066
Loss from Equity Method Investments	-	134,315	9,022	-	23,419	166,756	166,756
Provision for Doubtful Accounts	-	641,619	-	-	353,857	995,476	995,476
Total Non-Payroll Expenses	1,299,240	2,268,054	476,595	777,861	389,004	5,210,754	14,122,008
Total Expenses	$ 5,425,722	$ 5,846,672	$ 978,688	$ 777,861	$ 397,098	$ 13,426,041	$ 48,739,760

See accompanying Notes to Consolidated Financial Statements.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016 AND
15-MONTH PERIOD ENDED SEPTEMBER 30, 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ 36,620	$ 404,071
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (Used) Operating Activities:		
Depreciation and Amortization	642,883	530,382
Provision for Doubtful Accounts	1,979,909	995,476
Forgiveness of Loan	-	(8,000)
Equity in Loss of Joint Ventures	123,128	166,756
Net Realized and Unrealized Gains on Investments	(32,870)	(55,635)
Increase (Decrease) in Cash Resulting from Changes in:		
Receivables	(467,715)	(456,985)
Related Party Receivables	(1,634,475)	(1,050,150)
Prepaid Expenses	(85,029)	124,049
Deposits	(449)	8,571
Accounts Payable	(67,486)	(381,558)
Accrued Expenses and Other Liabilities	68,866	62,673
Accrued Compensated Absences	(13,530)	170,432
Deferred Revenue	(3,121,546)	6,059,571
Recoupment Liability	554,001	-
Net Cash Provided (Used) by Operating Activities	(2,017,693)	6,569,653
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments Held in Community Foundation	(179,539)	(49,692)
Sales of Other Investments	-	15,652
Purchases of Investment in Joint Ventures	-	(900,000)
Purchases of Property and Equipment	(662,916)	(2,648,189)
Net Cash Used by Investing Activities	(842,455)	(3,582,229)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Capital Campaign Pledges Receivable	460,874	236,267
Increase in Capital Campaign Pledges Receivable	(706,550)	(509,162)
Proceeds from Note Payable	-	2,188,472
Repayments of Note Payable	(220,587)	(628,687)
Net Cash Provided (Used) by Financing Activities	(466,263)	1,286,890
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,326,411)	4,274,314
Cash and Cash Equivalents - Beginning of Year	12,304,168	8,029,854
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 8,977,757	$ 12,304,168
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest Paid	$ 88,239	$ 112,468

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of Jewish Family and Children's Service, Inc., Twenty Thirty Three, Inc., Child and Family Solutions, LLC, and JFCS Behavioral Health, LLC's (collectively the Organization) significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

Organization

Jewish Family and Children's Service, Inc. (JFCS) was founded in 1936, obtained nonprofit 501(c)(3) status in 1955, and became non-sectarian in 1964. JFCS serves the diverse human service needs of families and individuals of all ages, races and faiths throughout Maricopa County. The JFCS Agency mission is to strengthen the community by offering high quality behavioral health and social services to children, families and adults of all ages throughout Maricopa County, in accordance with a Jewish value system that cares about all humanity.

JFCS objectives include meeting and exceeding community expectations through a commitment to treat people with dignity and respect and to deliver services in accordance with a value system that cares about all humanity.

Child and Family Solutions, LLC (CFS) is a single member LLC and was founded in 2006.

JFCS Behavioral Health, LLC (BH) is a single member LLC and was founded in 2006.

Twenty Thirty Three, Inc., (TTT) is a nonprofit, non-sectarian organization which acquires land, buildings and equipment and subsequently leases those assets to JFCS under various operating leases.

TTT leases all of its buildings and equipment to JFCS. Various members of the board of directors of TTT are also members of the board of directors of JFCS.

The activities of TTT, CFS, and BH have been consolidated with those of JFCS as JFCS exercises control over these entities.

The Organization presented a 15-month consolidated financial statements in 2015 due to a change in fiscal year-end from June 30 to September 30.

Basis of Presentation

The consolidated financial statements have been prepared in accordance with the *FASB Accounting Standards Codification (ASC 958)*. Under the Codification, JFCS is required to provide financial statements which are prepared to focus on the organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

JFCS maintains its accounts on the accrual basis of accounting. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted Net Assets

Unrestricted net assets are not subject to donor imposed stipulations and are those currently available at the discretion of the board for use in JFCS's operations, in accordance with its bylaws. Temporarily restricted net assets received and expended in the same year are classified as unrestricted.

Temporarily Restricted Net Assets

Temporarily restricted net assets are those which are subject to donor-imposed stipulations that will be met by JFCS and/or the passage of time.

Permanently Restricted Net Assets

Permanently restricted net assets are those which represent permanent endowments where it is stipulated by donors that the principal remain in perpetuity and only the income is available as unrestricted or temporarily restricted, as per the endowment agreements. At September 30, 2016 and 2015, JFCS had no permanently restricted net assets.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of JFCS and its subsidiaries. Interorganization transactions and balances have been eliminated in the consolidation.

Use of Estimates in the Preparation of Financial Statements

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

Cash and Cash Equivalents

JFCS considers all short-term investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of cash held in checking, savings, and money market accounts.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivables consist primarily of amounts due from various governmental agencies. Receivables are carried at the original invoice amount less an estimated reserve for doubtful receivables based on a review of all outstanding accounts. Management determines the reserve by identifying troubled accounts as well as evaluating receivables and considering a customer's financial condition, credit history, and current economic conditions. Receivables are written off when deemed uncollectible. Recoveries of accounts previously written off are recorded as an increase to the allowance when received.

Pledges Receivable

Unconditional promises to give (pledges receivable) are recognized as revenues in the period the promise is received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Monies received pursuant to conditional promises are reflected as deferred revenue. Unconditional promises to give that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates as determined by management that are applicable to the years in which the promises are made. Amortization of the discount is included in contribution support. Management provides for probable uncollectible amounts through a charge to earnings and an increase to a valuation allowance based on its assessment of the current status of individual pledges. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction of receivables.

Investments

The investments in equity securities with readily determinable fair value are measured at fair value in the consolidated statements of financial position as determined by available market prices. JFCS also has assets held by the Jewish Community Foundation of Greater Phoenix which are recorded at fair value based upon quoted market prices of the underlying assets. Investment income or loss (including unrealized and realized gains and losses on investments, interest, and dividends) is included in unrestricted net assets unless the associated income or loss is restricted.

Board Designated Net Assets

As of September 30, 2016 and September 30, 2015, included in unrestricted net assets is a $716,976 and $504,567, respectively, board-designated investment in an investment fund held at the Jewish Community Foundation of Greater Phoenix, an unrelated entity.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Buildings, leasehold improvements, vehicles, equipment, and furniture are initially recorded at cost, if purchased or at fair value at date of donation if contributed. The Organization's policy is to capitalize assets costing $1,000 or more and with a useful life of greater than one year. Property and equipment are depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	5 – 35 years
Furniture, Equipment, and Vehicles	3 – 5 years
Software	7 years

Improvements to leased property are amortized over the lesser of the life of the lease or life of the improvements. Amortization expense on assets acquired under capital leases is included with depreciation expense on owned assets.

Gain or loss on sale of assets is calculated by netting the book value of the investment in the capital asset against the consideration received on the asset sold.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Equity Investments

JFCS's investments in entities owned 20% or more, but not more than 50%, are accounted for using the equity method of accounting. Investments in entities owned less than 20% are carried at cost.

Contributions

JFCS records contributions and grants from governmental agencies as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All donor restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a 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 consolidated statements of activities and changes in net assets as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, JFCS reports the support as unrestricted.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and Revenue

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 that limit 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 consolidated statements of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Deferred Revenue

The Organization recognizes amounts received from contracts and grants as earned when services are rendered under unit of service contracts or as allowable costs are incurred under cost reimbursement contracts. A receivable is recorded to the extent the amount earned exceeds cash advances, less an estimate made for amounts that may be uncollectible, which is determined based on management's judgment and historical experience with the contracting agency. Conversely, a liability (deferred revenue) is recorded when cash advances exceed amounts earned.

Income Taxes

Jewish Family and Children's Service, Inc. is exempt from federal income taxes under Section 501(c)(3) and Twenty Thirty Three, Inc., is exempt under 501(c)(2) of the Internal Revenue Code (IRC) of 1954 as amended and from state income taxes under ARS 43-1201. In addition, JFCS and TTT have been determined by the Internal Revenue Service (IRS) not to be private foundations within the meaning of Section 509(a). Income determined to be unrelated business taxable income (UBTI) would be taxable. Management believes that JFCS and TTT have no uncertain tax positions as of September 30, 2016 and 2015.

Economic Dependency and Concentration of Credit Risk

During the year ended September 30, 2016 and the 15-month period ended September 30, 2015, the Organization received approximately 60% of its revenue through the Regional Behavioral Health Authority in Maricopa, an agent for the state of Arizona. The loss of this revenue source would have a materially adverse effect on the Organization.

Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The costs are allocated based on salary, professional fees, and square footage percentages.

NOTE 2 CASH AND CASH EQUIVALENTS

Cash as of September 30, 2016 and September 30, 2015 consisted of a carrying amount of $8,977,757and $12,304,168, with $8,425,882 and $11,958,871 being unrestricted and $551,875 and $345,297 being temporarily restricted, respectively.

NOTE 3 RECEIVABLES

Receivables consist of the following:

	2016	2015
Department of Child Safety	$ 706,006	$ 914,303
Maricopa RBHA	7,591	131,236
City of Phoenix	52,054	32,497
Area Agency of Aging	12,211	8,910
Jewish Community Foundation	73,600	88,054
Insurance/Other Health Plans	526,217	91,299
CRS/Other Insurance	393,919	202,621
Other Receivables	262,262	240,402
Subtotal	2,033,860	1,709,322
Less: Allowance for Doubtful Accounts	(457,570)	(142,907)
Total Receivables, Net	$ 1,576,290	$ 1,566,415

Interest is not charged on receivables. The allowance for doubtful accounts is based on management's assessment of the account's ability to pay, the presence of a contractual agreement, and other factors. Receivables are considered past due based on contractual terms. Receivables are considered to be past due if any portion of the receivable balance is outstanding for more than 120 days. As of September 30, 2016 and 2015, the amount outstanding over 120 days was $540,544 and $150,526, respectively.

NOTE 4 RELATED PARTY RECEIVABLES

Related party receivables consist of the following:

	2016	2015
Topaz, LLC	$ 1,201,836	$ 709,822
Behavioral Health Information Network of Arizona, LLC	2,549,903	1,405,669
Quality Care Network of Arizona	577	2,350
Subtotal	3,752,316	2,117,841
Less: Allowance for Doubtful Accounts	(2,429,903)	(907,834)
Total Related Party Receivables, Net	$ 1,322,413	$ 1,210,007

The allowance for doubtful accounts is based on management's assessment of the account's ability to pay, the presence of a contractual agreement, and other factors, see Notes 6 and 8.

NOTE 5 PLEDGES RECEIVABLE

Pledges receivable consist of the following:

	2016	2015
Pledges Receivable	$ 1,096,109	$ 850,433
Less: Unamortized Discount	(25,519)	(25,519)
Total	1,070,590	824,914
Less: Allowance for Uncollectibles	(23,764)	(23,764)
Pledges Receivable, Net	$ 1,046,826	$ 801,150
Amounts Due in:		
Less than One Year	$ 441,772	$ 197,719
One to Five Years	654,337	652,714
Total	$ 1,096,109	$ 850,433

The discount rate used to determine the present value of the pledges receivable balance is a rate considered appropriate for the expected repayment term. The discount rate approximates 1.6%.

NOTE 6 INVESTMENTS

Investments in Joint Ventures

Topaz, LLC

JFCS is a 50% owner and managing administrative member in Topaz, LLC (Topaz), a partnership with another not-for-profit entity providing information technology services to not-for-profit entities. JFCS recognized its share of the equity in the earnings (loss) of Topaz of $(123,128) and $46,782 for the year ended September 30, 2016 and the 15-month period ended September 30, 2015, respectively.

JFCS provided approximately $924,850 and $3,201,276 in management and administrative services during the year ended September 30, 2016 and the 15-month period ended September 30, 2015, respectively. A new administrative service agreement was signed on July 9, 2015, adding additional capital into Topaz by both members. This infusion of capital will allow Topaz to provide its own administration in 2016, with JFCS providing less administrative services to Topaz.

The Topaz investment consisted of an equity balance of $1,365,881 and $1,489,009 at September 30, 2016 and 2015, respectively.

NOTE 6 INVESTMENTS (CONTINUED)

Summary financial information for Topaz, LLC, as of and for the years ended December 31, 2015 and 2014, is as follows:

	2015 Audited	2014 Audited
Assets		
Cash and Equivalents	$ 2,198,981	$ 398,031
Accounts Receivable	934,236	565,013
Prepaid and Deposits	38,347	15,143
Inventory	862,701	109,481
Total Current Assets	4,034,265	1,087,668
Equipment, Net of Accumulated Depreciation	2,052,848	1,332,197
Total Assets	$ 6,087,113	$ 2,419,865
Liabilities	$ 3,170,539	$ 1,146,651
Partners' Capital	2,916,574	1,273,214
Total Liabilities and Partners' Capital	$ 6,087,113	$ 2,419,865
Total Revenue	$ 6,213,942	$ 3,998,518
Total Expenses	6,370,582	3,922,021
Net Earnings	$ (156,640)	$ 76,497

Behavioral Health Information Network of Arizona, LLC

JFCS is a 29% owner and managing member in Behavioral Health Information Network of Arizona, LLC (BHINAZ), partnering with other not-for-profit stakeholders providing statewide health information exchange (HIE) services. JFCS provided approximately $1,128,351 and $1,665,514 in management and administrative services during the year ended September 30, 2016 and the 15-month period ended September 30, 2015, respectively. The BHINAZ investment consisted of an equity balance of $-0- at September 30, 2016 and 2015. JFCS recognized its share of the loss in BHINAZ of $134,315 for the 15-month period ended September 30, 2015. The business ceased operations in September 2016, and is expected to be dissolved once final tax returns are complete.

NOTE 6 INVESTMENTS (CONTINUED)

Other Investments

JFCS has two other investments carried at cost which totaled $24,530 at September 30, 2016 and September 30, 2015.

Jewish Community Foundation of Greater Phoenix

JFCS also has funds on deposit at the Jewish Community Foundation of Greater Phoenix, which has been designated by the board of directors. The investments totaled $716,976 and $504,567 as of September 30, 2016 and 2015, respectively. JFCS recognized unrealized gains (losses) on the investment of $29,404 and $(32,440) for the year ended September 30, 2016 and 2015, respectively, and $3,467 and $8,363 in interest income included in investment income for the year ended September 30, 2016 and 2015, respectively.

NOTE 7 FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB *Accounting Standards Codification (ASC) 820, Fair Value Measurement and Disclosures*, provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to 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 FASB ASC 820 are described below:

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 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on assumptions that market participants would use in pricing an asset or liability.

NOTE 7 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Following is a description of the valuation methodologies used for instruments measured at fair value and their classification in the valuation hierarchy.

Investments Held by Jewish Community Foundation of Greater Phoenix

The Organization's investments held by Jewish Community Foundation of Greater Phoenix primarily consist of State of Israel bonds, corporate and governmental debt securities, and equity securities, which are held primarily at stock brokerage firms. The fair value on these investments, held by Jewish Community Foundation of Greater Phoenix, is determined as follows. Mutual funds are valued at publicly quoted net asset value. Equity and debt securities listed on a national market or exchange are valued at the last sales price, or if there is no sale and the markets are still considered active at the last transaction price before year-end. The State of Israel bonds are valued at face value, which approximates fair value. The amount recorded on the consolidated statements of financial position reflects the Organization's contributions plus (minus) the Organization's allocated share of the investment return on the entire pool of investments. This investment is classified within Level 3 of the valuation hierarchy.

The following table sets forth by level, within the fair value hierarchy, the Organization's fair value as of September 30, 2016 and 2015:

	2016			
	Level 1	Level 2	Level 3	Total
Investment Held by Jewish Community Foundation of Greater Phoenix	$ -	$ -	$ 716,976	$ 716,976

	2015			
	Level 1	Level 2	Level 3	Total
Investment Held by Jewish Community Foundation of Greater Phoenix	$ -	$ -	$ 504,567	$ 504,567

The following is a reconciliation of beginning and ending balances of assets measured at fair value on a reoccurring basis using significant unobservable (Level 3) inputs during the year ended September 30, 2016 and the 15-month period ended September 30, 2015:

	2016	2015
Balance - Beginning of Year	$ 504,567	$ 487,315
Additions	183,005	49,692
Total Unrealized Gain/(Loss), Included in the Changes in Net Assets	29,404	(32,440)
Balance - End of Year	$ 716,976	$ 504,567

NOTE 7 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table describes the valuation techniques used to calculate fair market value for assets in Level 3:

	Quantitative Information about Level 3 Fair Value Measurements			
	Fair Value at September 30, 2016	Fair Value at June 30, 2015	Valuation Techniques	Unobservable Inputs
Jewish Community Foundation of Greater Phoenix	$716,976	$504,567	Percentage ownership of investment pool	The percentage ownership investment pool as applied to investment statements

The Organization evaluates Level 2 and Level 3 investments for events and changes in circumstances that indicate a transfer into or transfer out of Level 3. The Organization recognizes the transfers into and out of Level 3 as of the date of the event or change in circumstance. During the year ended September 30, 2016 and the 15-month period ended September 30, 2015, there were no transfers into or out of the Level 3 category.

NOTE 8 RELATED PARTY TRANSACTIONS

Quality Care Network of Arizona (QCN) is a Provider Network Organization (PNO) that began operations on July 13, 2007, and is responsible for providing behavioral health services to children that need to be intensively cased managed. QCN will also be responsible for managing approximately 45% of all children's behavioral health dollars in Maricopa County. JFCS assisted in the creation of QCN and is one of five founding board members. Mercy Maricopa Integrated Care announced that on January 1, 2015, contracts with Children's Provider Network Organizations (PNO) would be transferred directly to the Regional Behavioral Health Authority (RBHA). Additionally, effective July 1, 2015, services for children's high needs case management would no longer be provided by Children's Provider Network Organizations and would be moved under direct provider contracts. Effective October 1, 2016, JFCS began providing new administrative services to QCN related to the close out of the business. The company is expected to be dissolved pending final closure with the Reginal Behavioral Health Authority.

JFCS earned $6,823,213 in funding from QCN to provide children behavioral health for the year ended September 30, 2015. Additionally, for the year ended September 30, 2016 and the 15-month period ended September 30, 2015, JFCS provided administrative services including Medical Director Services amounting to $-0- and $71,970, respectively. Beginning in the year ended September 30, 2016, JFCS provided services amounting to $302,556 for services to close QCN.

NOTE 8 RELATED PARTY TRANSACTIONS (CONTINUED)

Behavioral Health Information Network of Arizona began operations on June 27, 2013 and was created to provide statewide exchange of healthcare information to participating providers. JFCS is the managing member providing management and administrative services to this organization.

Management believes the future revenue streams for Behavioral Health Network of Arizona (BHINAZ), LLC remain to be a concern due to adverse market conditions. At the recommendation of the JFCS board of directors, BHINAZ has been closed effective September 30, 2016.

NOTE 9 PROPERTY AND EQUIPMENT

Property and equipment owned by the Organization consist of the following:

	2016	2015
Land	$ 447,106	$ 447,106
Building and Improvements	4,306,001	4,291,673
Furniture and Equipment	2,624,897	2,168,629
Computer Software	586,599	554,079
Leasehold Improvements	708,130	607,623
Construction in Process	71,277	14,379
Total	8,744,010	8,083,489
Less: Accumulated Depreciation and Amortization	(3,827,806)	(3,187,318)
Property and Equipment, Net	$ 4,916,204	$ 4,896,171

Depreciation and amortization expense charged to operations was $642,883 and $530,382 for the year ended September 30, 2016 and the 15-month period ended September 30, 2015, respectively. There was no interest capitalized in either 2016 or 2015 due to its immateriality.

NOTE 10 LINE OF CREDIT

The Organization has a revolving line of credit for $1,000,000 from a bank with no balance outstanding as of September 30, 2016 or September 30, 2015. On May 28, 2015, JFCS extended the line of credit for 24 months which matures on June 10, 2017. The renewed line of credit is unsecured and has interest that is payable monthly at one month LIBOR plus 1.01% and 2.94% (1.20% and 3.55%) as of September 30, 2016 and 2015, respectively.

The line of credit has covenants requiring the Organization to maintain certain financial ratios and liquidity. At September 30, 2016 and 2015, management believes the Organization was in compliance with these covenants.

NOTE 11 DEFERRED REVENUE

For the year ended September 30, 2016 and the 15-month period ended September 30, 2015, the total block payments the Organization received from Mercy Maricopa Integrated Care for adult and children behavioral health services, and QCN for children behavioral services, exceeded the amount earned in the amount of $3,823,022 and $6,378,353, respectively. All deferred revenue amounts for adult children behavioral health services due to Mercy Maricopa Integrated Care and QCN at September 30, 2015 have been recouped and/or resolved as of September 30, 2016. The amount of recoupment due Mercy Maricopa Integrated Care was $554,001 as of September 30, 2016.

NOTE 12 NOTES PAYABLE

The Organization had an outstanding note payable balance with a bank of $2,225,606 and $2,309,872 as of September 30, 2016 and 2015, respectively. Interest on the note payable accrues at a fixed rate of 3.15% and will be due in equal monthly payments with the final payment due on July 31, 2025. The loan is secured by inventory, equipment and accounts receivable of the Organization. There was a second note payable of $163,950 and $232,773 as of September 30, 2016 and 2015, respectively, with the same bank. Interest on the note payable accrues at a fixed rate of 2.4% and is due in equal monthly payments with the final payment due on January 31, 2019.

The Organization also had an outstanding note payable balance with a bank of $382,974 and $450,472 as of September 30, 2016 and 2015, respectively. Interest on the note payable accrues at a fixed rate of 2.5% and will be due in equal monthly payments with final payment due on December 31, 2021. The loan is secured by equipment of the Organization.

Interest expense on the notes payable was $88,239 and $112,468 for the year ended September 30, 2016 and the 15-month period ended September 30, 2015, respectively, and is included in management and general in the accompanying consolidated statements of activities and changes in net assets.

As of September 30, 2016, the approximate aggregate maturities required on the note payable are as follows:

Year Ending September 30,	Amount
2017	$ 228,005
2018	234,288
2019	187,283
2020	171,534
2021	176,518
Thereafter	1,774,902
Total	$ 2,772,530

NOTE 13 OPERATING LEASES

The Organization leases various facilities and equipment under operating leases expiring after 2019. Total lease expense was $1,939,257 and $1,957,649 for the year ended September 30, 2016 and the 15-month period ended September 30, 2015, respectively.

Future minimum payments under these non-cancelable operating lease commitments are as follows:

Year Ending September 30,	Amount
2017	$ 2,150,145
2018	2,779,567
2019	2,095,178
2020	1,501,408
2021	953,267
Thereafter	298,080
Total	$ 9,777,645

NOTE 14 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for program activities of JFCS as following:

	2016	2015
Time Restricted	$ 1,362,599	$ 1,158,770
Purpose Restricted:		
Friends for Life	38,510	38,510
Client Assistance	115,959	87,663
Program Service	120,415	10,245
Staff/Emergencies	500	500
Total Temporarily Restricted Net Assets	$ 1,637,983	$ 1,295,688

A summary of the net assets released from restriction are as follows:

	2016	2015
Time Restricted	$ 241,034	$ 340,447
Client Assistance	51,241	57,845
Program Service	12,987	7,946
Total Net Assets Released from Restriction	$ 305,262	$ 406,238

NOTE 15 RETIREMENT PLAN

The Organization has a Section 401(k) plan under the IRC. This plan has two contribution components:

1. A salary reduction arrangement plan, and
2. Employer's qualified non-elective plan.

Under the salary reduction arrangement, employees may allocate a portion of their compensation in accordance with the IRC. The employer may at its discretion contribute a matching amount. In order to participate, employees must be at least 18 years of age to make salary reduction contributions to this plan. There is no minimum service requirement to make salary reduction contributions to the plan. An employee is automatically enrolled into the plan on the first of the month subsequent to the employee's date of hire.

To receive employer matching contributions, an employee must be at least 18 years of age and have completed at least one year of service and has worked a minimum of 1,000 hours. During the year ended September 30, 2016 and the 15-month period ended September 30, 2015, the Organization contributed $0.50 for each $1.00 of eligible contributions deferred from the employees' annual salary. A participant's "eligible contributions" equal the amount of the participant's elective deferrals for the plan year up to 6%. The total contribution expense was $118,937 and $265,214 for the year ended September 30, 2016 and the 15-month period ended September 30, 2015, respectively.

Under the employer's qualified non-elective portion, the employer may contribute to the plan at its discretion. The employee does not contribute to this portion of the plan. To become a participant, an employee must complete one year of service and attain age 18. The total contribution expense was $-0- for the year ended September 30, 2016 and the 15-month period ended September 30, 2015, respectively.

NOTE 16 ADVERTISING

The Organization uses advertising to promote its community programs and recruit employees. Advertising costs are expensed as incurred. Advertising expense totaled $20,196 and $53,776 for the year ended September 30, 2016 and the15-month period ended September 30, 2015, respectively.

NOTE 17 COMMITMENT AND CONTINGENT LIABILITIES

The Organization has a partially self-insured health benefit program covering medical and prescription claims. The plan includes a stop-loss provision that insures claims exceeding $85,000 and $75,000 for the years ending September 30, 2016 and 2015.

NOTE 17 COMMITMENT AND CONTINGENT LIABILITIES (CONTINUED)

The Plan offers health benefits to regular, full-time employees working 30 or more hours per week and their beneficiaries and covered dependents once a 60 day waiting period is met. The cost of health care services is recognized as a deduction in the period in which it is provided to participants. Liabilities for health claims incurred but not reported are estimated based on historical claims and industry trends.

The Organization participates in a number of federal and state-assisted grant and contract programs which are subject to financial and compliance audits. The audits of these programs for, or including, the year ended September 30, 2016, have not been accepted. Accordingly, the Organization's compliance with applicable grant or contract requirements may be established at some future date. The amount, if any, of expenditures or fees for units of service which may be disallowed by the granting or contracting agencies cannot be determined at this time, although the Organization's management expects such amounts, if any, to be immaterial.

In the opinion of management, the Organization was not involved, as of September 30, 2016, in any pending or threatened claims/litigation that could materially affect the Organization's financial position and changes in net assets.

NOTE 18 CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization places its cash with high-credit quality financial institutions and generally limits the amount of credit exposure to the amount in excess of the Federal Deposit Insurance Corporation (FDIC) insurance coverage limit of $250,000. At various times throughout the year, the Organization's cash balances will exceed the federally insured limits. Management believes there are no unusual risks associated with current depository institutions.

NOTE 19 SUBSEQUENT EVENTS

Management evaluated subsequent events through March 20, 2017, the date the consolidated financial statements were available to be issued. Events or transactions occurring after September 30, 2016, but prior to March 20, 2017, that provided additional evidence about conditions that existed at September 30, 2016, have been recognized in the consolidated financial statements for the year ended September 30, 2016. Events or transactions that provided evidence about conditions that did not exist at September 30, 2016, but arose before the consolidated financial statements were available to be issued, have not been recognized in the consolidated financial statements for the year ended September 30, 2016.