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

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEARS ENDED SEPTEMBER 30, 2017 AND 2016

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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, 2017 and 2016, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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.

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

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, 2017 and 2016, and their changes in net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position and activities and changes in net assets are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
April 5, 2018

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2017 AND 2016

	2017	2016
ASSETS		
Cash and Cash Equivalents	$ 7,985,811	$ 8,977,757
Receivables, Net	1,592,968	1,576,290
Related Party Receivables, Net	971,057	1,322,413
Prepaid Expenses	479,918	326,713
Deposits	160,258	154,441
Investments Held in Community Foundation	812,568	716,976
Investment in Joint Ventures	1,839,342	1,365,911
Other Assets	46,001	24,500
Property and Equipment, Net	14,190,885	4,916,204
Pledges Receivable, Net	644,650	1,046,826
Total Assets	$ 28,723,458	$ 20,428,031
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 381,590	$ 369,442
Accrued Expenses and Other Liabilities	2,256,582	1,871,966
Accrued Compensated Absences	953,320	834,366
Deferred Revenue	1,709,503	3,846,475
Notes Payable	5,614,443	2,772,530
Total Liabilities	10,915,438	9,694,779
NET ASSETS		
Board-Designated	812,568	716,976
Unrestricted	15,661,076	8,378,293
Total Unrestricted	16,473,644	9,095,269
Temporarily Restricted	1,334,376	1,637,983
Total Net Assets	17,808,020	10,733,252
Total Liabilities and Net Assets	$ 28,723,458	$ 20,428,031

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, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2016)

	2017			
	Unrestricted	Temporarily Restricted	Totals	2016 Totals
SUPPORT, REVENUES, AND OTHER GAINS				
Support:				
Government and Contracts	$ 41,982,251	$ -	$ 41,982,251	$ 39,990,224
Contributions and Grants	1,962,534	497,512	2,460,046	3,089,312
Special Events, Net of Direct Benefit to Donors	305,881	-	305,881	280,599
Total Support	44,250,666	497,512	44,748,178	43,360,135
Revenues and Other Gains:				
Client Program Fees	139,129	-	139,129	96,541
Third Party Fees	581,485	-	581,485	695,396
Management Services	246,824	-	246,824	2,391,044
Investment Income	98,607	16,265	114,872	32,870
Equity in Gain/(Loss) of Joint Ventures	473,461	-	473,461	(123,128)
Miscellaneous Income	208,015	-	208,015	466,330
Excess of Assets Acquired Over Liabilities Assumed of Sojourner Center	6,843,770	-	6,843,770	-
Total Revenues and Other Gains	8,591,291	16,265	8,607,556	3,559,053
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	817,384	(817,384)	-	-
Total Support, Revenues, and Other Gains	53,659,341	(303,607)	53,355,734	46,919,188

(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, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2016)

	2017			
	Unrestricted	Temporarily Restricted	Totals	2016 Totals
FUNCTIONAL EXPENSES				
Program Services:				
Behavioral Health Services	$ 29,787,467	$ -	$ 29,787,467	$ 26,722,328
Shelter Without Walls	396,585	-	396,585	322,661
Real World Job Development	568,402	-	568,402	510,996
Homebased Services	4,863,756	-	4,863,756	6,192,340
Older Adults	894,265	-	894,265	900,501
Jewish Community Services	348,051	-	348,051	351,277
Prevention Services	265,233	-	265,233	315,914
Sojourner Center	557,046	-	557,046	-
Total Program Services	37,680,805	-	37,680,805	35,316,017
Supporting Services:				
Management and General	5,992,839	-	5,992,839	5,456,818
Management Services	304,038	-	304,038	4,179,687
Fundraising	836,079	-	836,079	791,816
Twenty Thirty Three	878,824	-	878,824	782,159
Other	588,381	-	588,381	356,071
Total Supporting Services	8,600,161	-	8,600,161	11,566,551
Total Functional Expenses	46,280,966	-	46,280,966	46,882,568
CHANGES IN NET ASSETS	7,378,375	(303,607)	7,074,768	36,620
Net Assets - Beginning of Year	9,095,269	1,637,983	10,733,252	10,696,632
NET ASSETS - END OF YEAR	$ 16,473,644	$ 1,334,376	$ 17,808,020	$ 10,733,252

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

	2016		
	Unrestricted	Temporarily Restricted	Totals
SUPPORT, REVENUES, AND OTHER GAINS			
Support			
Government and Contracts	$ 39,990,224	$ -	$ 39,990,224
Contributions and Grants	2,447,485	641,827	3,089,312
Special Events, Net of Direct Benefit to Donors	280,599	-	280,599
Total Support	42,718,308	641,827	43,360,135
Revenues and Other Gains			
Client Program Fees	96,541	-	96,541
Third Party Fees	695,396	-	695,396
Management Services	2,391,044	-	2,391,044
Investment Income	27,140	5,730	32,870
Equity in Gain (Loss) of Joint Ventures	(123,128)	-	(123,128)
Miscellaneous Income	466,330	-	466,330
Total Revenues and Other Gains	3,553,323	5,730	3,559,053
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	305,262	(305,262)	-
Total Support, Revenues, and Other Gains	46,576,893	342,295	46,919,188

(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

	2016		
	Unrestricted	Temporarily Restricted	Totals
FUNCTIONAL EXPENSES			
Program Services:			
Behavioral Health Services	$ 26,722,328	$ -	$ 26,722,328
Shelter Without Walls	322,661	-	322,661
Real World Job Development	510,996	-	510,996
Homebased Services	6,192,340	-	6,192,340
Older Adults	900,501	-	900,501
Jewish Community Services	351,277	-	351,277
Prevention Services	315,914	-	315,914
Total Program Services	35,316,017	-	35,316,017
Supporting Services:			
Management and General	5,456,818	-	5,456,818
Management Services	4,179,687	-	4,179,687
Fundraising	791,816	-	791,816
Twenty Thirty Three	782,159	-	782,159
Other	356,071	-	356,071
Total Supporting Services	11,566,551	-	11,566,551
Total Functional Expenses	46,882,568	-	46,882,568
CHANGES IN NET ASSETS	(305,675)	342,295	36,620
Net Assets - Beginning of Year	9,400,944	1,295,688	10,696,632
NET ASSETS - END OF YEAR	$ 9,095,269	$ 1,637,983	$ 10,733,252

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, 2017

	Program Services								
	Behavioral Health Services	Shelter Without Walls	Real World Job Development	Homebased Services	Older Adults	Jewish Community Services	Prevention Services	Sojourner Center	Total Program Services
EXPENSES									
Salaries	$ 19,030,233	$ 281,167	$ 304,143	$ 3,127,163	$ 600,676	$ 230,269	$ 191,282	$ 330,547	$ 24,095,480
Payroll Taxes and Fringe Benefits	3,989,527	50,569	62,002	791,290	92,804	31,594	54,869	77,727	5,150,382
Total Payroll Expenses	23,019,760	331,736	366,145	3,918,453	693,480	261,863	246,151	408,274	29,245,862
Professional Fees and Contract Services	3,468,966	12,687	11,471	115,196	49,963	31,643	2,877	12,131	3,704,934
Supplies	99,628	1,288	5,819	19,612	29,808	3,400	214	26,967	186,736
Telephone	385,284	7,779	17,101	85,071	15,286	3,577	3,029	4,975	522,102
Postage, Shipping, and Delivery	47,445	258	2,429	2,653	3,619	349	192	1,107	58,052
Occupancy	1,417,552	3,652	83,530	20,083	37,568	452	7,232	56,754	1,626,823
Equipment	306,001	1,360	13,069	31,170	10,819	2,293	1,834	20,545	387,091
Printing and Publications	14,074	74	486	1,037	2,267	5,379	57	5,922	29,296
Travel	577,138	5,895	4,600	560,603	44,876	6,609	1,607	2,007	1,203,335
Meeting and Conferences	36,190	404	7,211	2,243	877	296	308	-	47,529
Events	605	-	1,620	-	250	9,568	-	13,732	25,775
Specific Assistance to Clients	166,407	28,222	36,714	74,418	-	20,116	-	-	325,877
Membership Dues and Subscriptions	40,751	1,467	846	6,631	1,142	442	386	25	51,690
Insurance	115,329	1,408	1,996	18,385	3,279	1,217	1,050	705	143,369
Depreciation and Amortization	58,415	278	908	7,285	547	219	206	1,049	68,907
Miscellaneous	31,463	27	14,407	680	484	628	40	2,853	50,582
Loss on Sale of Capital Assets	2,459	50	50	236	-	-	50	-	2,845
Provision for Doubtful Accounts	-	-	-	-	-	-	-	-	-
Total Non-Payroll Expenses	6,767,707	64,849	202,257	945,303	200,785	86,188	19,082	148,772	8,434,943
Total Functional Expenses	29,787,467	396,585	568,402	4,863,756	894,265	348,051	265,233	557,046	37,680,805
Less: Expenses Netted Against Revenues on the Statement of Activities:									
Special Events Expenses	-	-	-	-	-	-	-	-	-
Total Expenses Included in the Expense Section of the Statement of Activities	$ 29,787,467	$ 396,585	$ 568,402	$ 4,863,756	$ 894,265	$ 348,051	$ 265,233	$ 557,046	$ 37,680,805

(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, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2016)

	Supporting Services							
	Management and General	Management Services	Fundraising	Twenty Thirty Three	Other	Total Supporting Services	Total Functional Expenses	2016 Totals
EXPENSES								
Salaries	$ 3,741,520	$ 36,936	$ 372,960	$ -	$ -	$ 4,151,416	$ 28,246,896	$ 27,498,404
Payroll Taxes and Fringe Benefits	802,807	(877)	64,407	-	14,587	880,924	6,031,306	5,608,104
Total Payroll Expenses	4,544,327	36,059	437,367	-	14,587	5,032,340	34,278,202	33,106,508
Professional Fees and Contract Services	619,979	195,599	130,633	4,803	11,305	962,319	4,667,253	4,703,721
Supplies	39,024	4,232	2,489	-	(159)	45,586	232,322	233,190
Telephone	59,509	8,077	6,261	-	42	73,889	595,991	782,464
Postage, Shipping, and Delivery	10,790	470	4,568	-	74	15,902	73,954	80,524
Occupancy	452,903	35,768	56,468	45,635	24	590,798	2,217,621	2,021,768
Equipment	143,202	3,913	13,997	38,146	68	199,326	586,417	661,103
Printing and Publications	19,416	463	8,061	91	6	28,037	57,333	98,176
Travel	18,729	152	830	-	-	19,711	1,223,046	1,485,209
Meeting and Conferences	26,479	239	19,089	-	1	45,808	93,337	139,189
Events	736	-	135,350	-	-	136,086	161,861	154,409
Specific Assistance to Clients	-	-	-	-	-	-	325,877	257,193
Membership Dues and Subscriptions	9,276	47	2,146	-	1,042	12,511	64,201	66,351
Insurance	21,894	2,641	3,258	49,619	54	77,466	220,835	279,142
Depreciation and Amortization	7,103	6,883	3,079	611,939	31	629,035	697,942	642,883
Miscellaneous	10,897	658	11,401	110,549	509	134,014	184,596	190,829
Loss on Sale of Capital Assets	8,575	80	1,082	18,042	-	27,779	30,624	-
Provision for Doubtful Accounts	-	8,757	-	-	560,797	569,554	569,554	1,979,909
Total Non-Payroll Expenses	1,448,512	267,979	398,712	878,824	573,794	3,567,821	12,002,764	13,776,060
Total Functional Expenses	5,992,839	304,038	836,079	878,824	588,381	8,600,161	46,280,966	46,882,568
Less: Expenses Netted Against Revenues on the Statement of Activities:								
Special Events Expenses	-	-	61,837	-	-	-	-	-
Total Expenses Included in the Expense Section of the Statement of Activities	$ 5,992,839	$ 304,038	$ 897,916	$ 878,824	$ 588,381	$ 8,600,161	$ 46,280,966	$ 46,882,568

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
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 Functional Expenses	26,722,328	322,661	510,996	6,192,340	900,501	351,277	315,914	35,316,017
Less: Expenses Netted Against Revenues on the Statement of Activities:								
Special Events Expenses	-	-	-	-	-	-	-	-
Total Expenses Included in the Expense Section of the Statement of Activities	$ 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

	Supporting Services						
	Management and General	Management Services	Fundraising	Twenty Thirty Three	Other	Total Supporting Services	Total Functional Expenses
EXPENSES							
Salaries	$ 3,259,815	$ 1,025,156	$ 390,005	$ -	$ -	$ 4,674,976	$ 27,498,404
Payroll Taxes and Fringe Benefits	632,590	332,577	68,713	-	(24,892)	1,008,988	5,608,104
Total Payroll Expenses	3,892,405	1,357,733	458,718	-	(24,892)	5,683,964	33,106,508
Professional Fees and Contract Services	872,311	614,133	60,128	18,741	(146)	1,565,167	4,703,721
Supplies	44,438	23,166	2,175	-	25	69,804	233,190
Telephone	62,889	115,135	6,954	-	(46)	184,932	782,464
Postage, Shipping, and Delivery	9,653	4,632	8,117	-	(1)	22,401	80,524
Occupancy	272,483	207,366	32,024	42,773	(11)	554,635	2,021,768
Equipment	125,439	90,556	27,496	53,679	(99)	297,071	661,103
Printing and Publications	37,638	10,788	18,816	-	1	67,243	98,176
Travel	27,021	67,737	3,477	-	-	98,235	1,485,209
Meeting and Conferences	40,803	23,095	19,400	-	(1)	83,297	139,189
Events	7,847	-	135,845	-	-	143,692	154,409
Specific Assistance to Clients	-	-	-	-	-	-	257,193
Membership Dues and Subscriptions	11,622	3,607	2,331	-	(22)	17,538	66,351
Insurance	25,776	44,956	3,698	27,610	(98)	101,942	279,142
Depreciation and Amortization	7,496	12,843	1,466	527,331	(16)	549,120	642,883
Miscellaneous	18,997	4,111	11,171	112,025	1,297	147,601	190,829
Provision for Doubtful Accounts	-	1,599,829	-	-	380,080	1,979,909	1,979,909
Total Non-Payroll Expenses	1,564,413	2,821,954	333,098	782,159	380,963	5,882,587	13,776,060
Total Functional Expenses	5,456,818	4,179,687	791,816	782,159	356,071	11,566,551	46,882,568
Less: Expenses Netted Against Revenues on the Statement of Activities:							
Special Events Expenses	-	-	81,105	-	-	-	-
Total Expenses Included in the Expense Section of the Statement of Activities	$ 5,456,818	$ 4,179,687	$ 872,921	$ 782,159	$ 356,071	$ 11,566,551	$ 46,882,568

See accompanying Notes to Consolidated Financial Statements.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ 7,074,768	$ 36,620
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (Used) Operating Activities:		
Depreciation and Amortization	697,942	642,883
Provision for Doubtful Accounts	569,554	1,979,909
Loss on Sale of Property and Equipment	30,624	-
Equity in (Gain)/Loss of Joint Ventures	(473,461)	123,128
Net Realized and Unrealized Gains on Investments	(89,571)	(32,870)
Excess of Assets Acquired Over Liabilities Assumed of Sojourner Center	(6,843,770)	-
Increase (Decrease) in Cash Resulting from Changes in:		
Receivables	(296,541)	(467,715)
Related Party Receivables	72,651	(1,634,475)
Prepaid Expenses	(145,240)	(85,029)
Deposits	(5,817)	(449)
Accounts Payable	(182,352)	(67,486)
Accrued Expenses and Other Liabilities	299,753	68,866
Accrued Compensated Absences	9,752	(13,530)
Deferred Revenue	(2,136,972)	(3,121,546)
Recoupment Liability	-	554,001
Net Cash Used by Operating Activities	(1,418,680)	(2,017,693)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments Held in Community Foundation	(5,991)	(179,539)
Cash balance from the acquisition of Sojourner Center	709,715	-
Purchases of Property and Equipment	(754,270)	(662,916)
Net Cash Used by Investing Activities	(50,546)	(842,455)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Capital Campaign Pledges Receivable	711,618	460,874
Increase in Capital Campaign Pledges Receivable	(17,167)	(706,550)
Repayments of Note Payable	(217,171)	(220,587)
Net Cash Provided (Used) by Financing Activities	477,280	(466,263)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(991,946)	(3,326,411)
Cash and Cash Equivalents - Beginning of Year	8,977,757	12,304,168
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 7,985,811	$ 8,977,757
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest Paid	$ 78,564	$ 88,239

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, Sojourner Center 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.

Sojourner Center (SC) is an Arizona nonprofit corporation with a mission to overcome the impact of domestic violence one life at a time. SC was formed in 1977 and has provided safety, shelter and an array of supportive services to victims of domestic violence for over 35 years. SC not only provides emergency shelter, but also offers extensive and comprehensive programs to help victims of domestic violence rebuild and redirect their lives. These programs provide a continuum of services including prevention and intervention, community education and victim advocacy. SC provides food, clothing, and other basic needs for victims and families; licensed childcare; a 24-hour crisis hotline; support to address career, education, and job advancement; legal advocacy; transitional housing; support groups; and domestic violence dynamics education classes for women and children whose lives have been affected by domestic violence. (See Note 19)

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2017 and 2016, JFCS had no permanently restricted net assets.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of JFCS and its subsidiaries. Inter-organization 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, 2017 and 2016, included in unrestricted net assets is a $812,568 and $716,976, 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. and Sojourner Center are 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, SC 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, SC and TTT have no uncertain tax positions as of September 30, 2017 and 2016.

Economic Dependency and Concentration of Credit Risk

During the years ended September 30, 2017 and 2016, 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 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain amounts in the 2016 consolidated financial statements have been reclassified to conform to the 2017 consolidated financial statement presentation with no effect on previously reported 2016 net assets or changes in net assets.

NOTE 2 CASH AND CASH EQUIVALENTS

Cash as of September 30, 2017 and 2016 consisted of a carrying amount of $7,985,811 and $8,977,757, with $6,588,934 and $8,425,882 being unrestricted and $630,597 and $551,875 being temporarily restricted, respectively.

NOTE 3 RECEIVABLES

Receivables consist of the following:

	2017	2016
Department of Child Safety	$ 582,754	$ 706,621
Maricopa RBHA	56,979	7,591
City of Phoenix	55,268	52,054
Area Agency of Aging	11,021	12,211
Jewish Community Foundation	65,680	73,600
Insurance/Other Health Plans	276,345	526,217
CRS/Other Insurance	408,930	393,919
Other Receivables	731,901	261,647
Subtotal	2,188,878	2,033,860
Less: Allowance for Doubtful Accounts	(595,910)	(457,570)
Total Receivables, Net	$ 1,592,968	$ 1,576,290

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, 2017 and 2016, the amount outstanding over 120 days was $663,156 and $540,544, respectively.

NOTE 4 RELATED PARTY RECEIVABLES

Related party receivables consist of the following:

	2017	2016
Topaz, LLC	$ 762,219	$ 1,201,836
Behavioral Health Information Network of Arizona, LLC	-	2,549,903
Quality Care Network of Arizona	208,838	577
Subtotal	971,057	3,752,316
Less: Allowance for Doubtful Accounts	-	(2,429,903)
Total Related Party Receivables, Net	$ 971,057	$ 1,322,413

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:

	2017	2016
Pledges Receivable	$ 693,933	$ 1,096,109
Less: Unamortized Discount	(25,519)	(25,519)
Total	668,414	1,070,590
Less: Allowance for Uncollectibles	(23,764)	(23,764)
Pledges Receivable, Net	$ 644,650	$ 1,046,826
Amounts Due in:		
Less than One Year	$ 441,772	$ 441,772
One to Five Years	252,161	654,337
Total	$ 693,933	$ 1,096,109

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 $(44,848) and $(123,128) for the years ended September 30, 2017 and 2016, respectively.

NOTE 6 INVESTMENTS (CONTINUED)

Investments in Joint Ventures (Continued)

Topaz, LLC (Continued)

JFCS provided approximately $11,887 and $924,850 in management and administrative services to Topaz during the years ended September 30, 2017 and 2016, respectively. A new administrative service agreement was signed on July 9, 2015, adding additional capital into Topaz by both members. This infusion of capital allowed Topaz to provide its own administration commencing in 2016, with JFCS providing less administrative services to Topaz. The Topaz investment consisted of an equity balance of $1,321,033 and $1,365,911 at September 30, 2017 and 2016, respectively.

Summary financial information for Topaz, LLC, as of and for the years ended December 31, 2016 and 2015, is as follows:

	2016 Audited	2015 Audited
Assets		
Cash and Equivalents	$ 1,366,419	$ 2,198,981
Accounts Receivable	1,319,064	856,384
Prepaid and Deposits	44,155	38,347
Inventory	322,026	862,701
Total Current Assets	3,051,664	3,956,413
Equipment, Net of Accumulated Depreciation	2,651,935	2,052,848
Total Assets	$ 5,703,599	$ 6,009,261
Liabilities	$ 3,123,893	$ 3,092,687
Partners' Capital	2,579,706	2,916,574
Total Liabilities and Partners' Capital	$ 5,703,599	$ 6,009,261
Total Revenue	$ 7,964,078	$ 6,213,942
Total Expenses	8,300,946	6,370,582
Net Earnings	$ (336,868)	$ (156,640)

Behavioral Health Information Network of Arizona, LLC

JFCS was 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 $8,757 and $1,128,351 in management and administrative services during the years ended September 30, 2017 and 2016, respectively. The BHINAZ business ceased operations in September 2016, and is expected to be dissolved once final tax returns are complete.

Other Assets

JFCS has three other investments carried at cost which totaled $46,001 and $24,500 at September 30, 2017 and 2016, respectively.

NOTE 6 INVESTMENTS (CONTINUED)

Partners in Recovery, LLC

JFCS is a 33% owner in Partners in Recovery (PIR) a partnership with two other not-for-profit entities to provide unique services to the seriously mentally ill. JFCS recognized its share of the equity in the earnings (loss) of PIR of $518,309 and $-0- for the years ended September 30, 2017 and 2016, respectively. This equity investment was sold for a gain subsequent to September 30, 2017.

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 $812,568 and $716,976 as of September 30, 2017 and 2016, respectively. JFCS recognized unrealized gains (losses) on the investment of $89,602 and $29,404 for the years ended September 30, 2017 and 2016, respectively, and $3,382 and $3,135 in interest income included in investment income for the years ended September 30, 2017 and 2016, 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 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, 2017 and 2016:

	2017			
	Level 1	Level 2	Level 3	Total
Investment Held by Jewish Community Foundation of Greater Phoenix	$ -	$ -	$ 812,568	$ 812,568

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

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 years ended September 30, 2017 and 2016:

	2017	2016
Balance - Beginning of Year	$ 716,976	$ 504,567
Additions	5,991	183,005
Total Unrealized Gain, Included in the Changes in Net Assets	89,601	29,404
Balance - End of Year	$ 812,568	$ 716,976

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, 2017	Fair Value at June 30, 2016	Valuation Techniques	Unobservable Inputs
Jewish Community Foundation of Greater Phoenix	$812,568	$716,976	Percentage ownership of investment pool	The percentage ownership investment pool as applied to investment statements

JFCS evaluates Level 2 and Level 3 investments for events and changes in circumstances that indicate a transfer into or transfer out of Level 3. JFCS recognizes the transfers into and out of Level 3 as of the date of the event or change in circumstance. During the years ended September 30, 2017 and 2016, there were no transfers into or out of the Level 3 category. JFCS has no funding commitments to the Jewish Community Foundation of Greater Phoenix.

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 case 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, 2016. Beginning in the year ended September 30, 2016, JFCS provided services amounting to $302,556 for services to close QCN. JFCS earned $232,581 from QCN during the year ended September 30, 2017, and had receivables outstanding of $208,778 at June 30, 2017.

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. BHINAZ has been closed effective September 30, 2016.

NOTE 9 PROPERTY AND EQUIPMENT

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

	2017	2016
Land	$ 1,365,984	$ 447,106
Building and Improvements	15,593,353	4,306,001
Furniture and Equipment	3,767,284	2,624,897
Computer Software	586,599	586,599
Leasehold Improvements	713,794	708,130
Construction in Process	458,905	71,277
Total	22,485,919	8,744,010
Less: Accumulated Depreciation and Amortization	(8,295,034)	(3,827,806)
Property and Equipment, Net	$ 14,190,885	$ 4,916,204

Depreciation and amortization expense charged to operations was $697,942 and $642,883 for the years ended September 30, 2017 and 2016, respectively. There was no interest capitalized in either 2017 or 2016 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, 2017 or September 30, 2016. On June 16, 2017, JFCS extended the line of credit which matures on October 20, 2018. The renewed line of credit is unsecured and has interest that is payable monthly at one month LIBOR plus 3% and 1.01% (4.01% and 1.20%) as of September 30, 2017 and 2016, respectively.

The line of credit has covenants requiring the Organization to maintain certain financial ratios and liquidity. At September 30, 2017 and 2016, management believes the Organization was in compliance with these covenants.

NOTE 11 DEFERRED REVENUE

For the years ended September 30, 2017 and 2016, 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 $1,655,203 and $3,823,022, respectively. All deferred revenue amounts for adult children behavioral health services due to Mercy Maricopa Integrated Care and QCN at September 30, 2016 have been recouped and/or resolved as of September 30, 2017. The amount of recoupment due Mercy Maricopa Integrated Care was $-0- and $554,001 as of September 30, 2017 and 2016, respectively.

NOTE 12 NOTES PAYABLE

Notes payable consists of the following:

	2017	2016
Note payable, secured by inventory, equipment and accounts receivable of the Organization, payable in equal monthly installments of $13,091, bearing interest at a fixed rate of 3.15%, until final payment at maturity of $1,356,246 on August 31, 2025.	$ 2,148,171	$ 2,225,606
Note payable, secured by equipment of the Organization, payable in equal monthly installments of $6,500, bearing interest at a fixed rate of 2.5%, until final payment at maturity on December 31, 2021.	313,769	382,974
Unsecured note payable, payable in equal monthly installments of $6,145, bearing interest at a fixed rate of 2.40%, maturing August 28, 2019.	93,419	163,950
The Organization obtained a Community Development Block Grant (CDBG) construction loan in April 2004, from the City of Phoenix to expand the Sojourner facility. The loan, in the amount of $1,000,000, is secured by a deed of trust and is noninterest bearing. The entire unpaid balance is due on the later of the expiration of the period of affordability or 35 years. If the Organization is not in default under the loan agreement, the Organization shall receive an annual credit against the principal amount due commencing in July 2018 in an amount equal to four percent of the original principal loan amount.	1,000,000	-
In December 2008, the Organization obtained another CDBG construction loan from the City of Phoenix to further expand its facility. The loan, in the amount of $1,500,000, is secured by a deed of trust and is noninterest bearing. If the Organization is not in default under the loan agreement, the Organization shall receive a credit against the principal amount due on the 40th anniversary of the Certificate of Completion of the facility expansion.	1,500,000	-
In July 2005, the Organization obtained a $489,394 note payable with the Arizona Department of Housing. The note is secured by a deed of trust, bears a zero percent interest rate, and is forgivable at the end of a 20 year period. The loan is to be used for transitional housing.	489,394	-

NOTE 12 NOTES PAYABLE (CONTINUED)

Notes payable consists of the following:

	2017	2016
In October 2012, the Organization obtained another CDBG construction loan from the City of Phoenix. The loan, in the amount of $69,690, is secured by a deed of trust and is noninterest bearing. If the Organization is not in default under the loan agreement, the Organization shall receive an annual credit against the principal amount due commencing in May 2019 in an amount equal to twenty percent of the original principal loan amount.	$ 69,690	$ -
	$ 5,614,443	$ 2,772,530

Interest expense on the notes payable was $78,564 and $88,239 for the years ended September 30, 2017 and 2016, respectively, and is included in management and general in the accompanying consolidated statements of activities and changes in net assets.

As of September 30, 2017, the approximate aggregate maturities required on the note payable are as follows:

Year Ending September 30,	Amount
2018	$ 234,998
2019	187,283
2020	171,534
2021	176,518
2022	122,664
Thereafter	4,721,446
Total	$ 5,614,443

NOTE 13 OPERATING LEASES

The Organization leases various facilities and equipment under operating leases expiring after 2019. Total lease expense was $2,049,513 and $1,939,257 for the years ended September 30, 2017 and 2016, respectively.

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

Year Ending September 30,	Amount
2018	$ 1,983,171
2019	2,001,697
2020	1,465,980
2021	985,633
2022	555,076
Total	$ 6,991,557

NOTE 14 TEMPORARILY RESTRICTED NET ASSETS

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

	2017	2016
Time Restricted	$ 1,035,852	$ 1,362,599
Purpose Restricted:		
Friends for Life	38,510	38,510
Client Assistance	123,048	115,959
Program Service	136,466	120,415
Staff/Emergencies	500	500
Total Temporarily Restricted Net Assets	$ 1,334,376	$ 1,637,983

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

	2017	2016
Time Restricted	$ 687,000	$ 241,034
Client Assistance	117,059	51,241
Program Service	13,325	12,987
Total Net Assets Released from Restriction	$ 817,384	$ 305,262

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 years ended September 30, 2017 and 2016, 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 $237,810 and $118,937 for the years ended September 30, 2017 and 2016, 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 for this qualified non-elective portion was $-0- for the years ended September 30, 2017 and 2016, 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 $17,164 and $20,196 for the years ended September 30, 2017 and 2016, 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 $110,000 and $85,000 for the years ended September 30, 2017 and 2016.

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, 2017, 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, 2017, 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 PURCHASE OF SOJOURNER CENTER

In July 2017, the Organization completed the purchase of the Sojourner Center, in order to expand upon its mission to strengthen the community through quality behavioral health and social services to children, families and adults. The results of operations of the program are included in the consolidated statement of activities and changes in net assets from the date of purchase.

In connection with this purchase, and for consideration given of $1, the Organization recorded its investment in the Sojourner Center at July 28, 2017 as follows;

Cash and Cash Equivalents	$	709,715
Receivables		303,261
Prepaid Expenses		7,965
Other Assets		21,501
Property and Equipment		9,248,977
Total Assets	$	10,291,419
Accounts Payable	$	194,500
Accrued Expenses and Other Liabilities		194,065
Notes Payable		3,059,084
Total Liabilities	$	3,447,649
.		
Excess of Assets Acquired Over Liabilities Assumed of Sojourner Center	$	6,843,770

NOTE 20 SUBSEQUENT EVENTS

Management evaluated subsequent events through April 5, 2018, the date the consolidated financial statements were available to be issued. Events or transactions occurring after September 30, 2017, but prior to April 5, 2018, that provided additional evidence about conditions that existed at September 30, 2017, have been recognized in the consolidated financial statements for the year ended September 30, 2017. Events or transactions that provided evidence about conditions that did not exist at September 30, 2017, 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, 2017.

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
SEPTEMBER 30, 2017

	Jewish Family and Children's Service, Inc.	Sojurner Center	Twenty Thirty Three	Eliminating Entries	Jewish Family and Children's Service, Inc. and Subsidiaries
ASSETS					
Cash and Cash Equivalents	$ 6,689,353	$ 766,380	$ 530,078	$ -	$ 7,985,811
Receivables, Net	1,343,251	245,439	4,278	-	1,592,968
Related Party Receivables, Net	2,108,584	-	-	(1,137,527)	971,057
Prepaid Expenses	407,021	38,534	34,363	-	479,918
Deposits	159,990	-	268	-	160,258
Investments Held in Community Foundation	812,568	-	-	-	812,568
Investment in Joint Ventures	1,839,342	-	-	-	1,839,342
Other Assets	24,500	21,501	-	-	46,001
Property and Equipment, Net	717,985	9,248,977	4,223,923	-	14,190,885
Pledges Receivable, Net	644,830	(180)	-	-	644,650
Total Assets	$ 14,747,424	$ 10,320,651	$ 4,792,910	$ (1,137,527)	$ 28,723,458
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts Payable	$ 292,715	$ 84,338	$ 23,335	$ (18,798)	$ 381,590
Accrued Expenses and Other Liabilities	2,134,703	106,130	15,749	-	2,256,582
Accrued Compensated Absences	879,175	74,145	-	-	953,320
Deferred Revenue	1,709,503	-	-	-	1,709,503
Notes Payable	-	3,059,084	3,674,088	(1,118,729)	5,614,443
Total Liabilities	5,016,096	3,323,697	3,713,172	(1,137,527)	10,915,438
NET ASSETS					
Board-Designated	812,568	-	-	-	812,568
Unrestricted	7,584,384	6,996,954	1,079,738	-	15,661,076
Total Unrestricted	8,396,952	6,996,954	1,079,738	-	16,473,644
Temporarily Restricted	1,334,376	-	-	-	1,334,376
Total Net Assets	9,731,328	6,996,954	1,079,738	-	17,808,020
Total Liabilities and Net Assets	$ 14,747,424	$ 10,320,651	$ 4,792,910	$ (1,137,527)	$ 28,723,458

JEWISH FAMILY AND CHILDREN'S SERVICE, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2017

	Jewish Family and Children's Service, Inc.	Sojurner Center	Twenty Thirty Three	Eliminating Entries	Jewish Family and Children's Service, Inc. and Subsidiaries
SUPPORT, REVENUES, AND OTHER GRANTS					
Support:					
Government and Contracts	$ 41,494,123	$ 488,128	$ -	$ -	$ 41,982,251
Contributions and Grants	2,243,798	216,248	-	-	2,460,046
Special Events, Net of Direct Benefit to Donors	305,078	803	-	-	305,881
Total Support	44,042,999	705,179	-	-	44,748,178
Revenues and Other Gains:					
Client Program Fees	139,129	-	-	-	139,129
Third-Party Fees	581,485	-	-	-	581,485
Management Services	265,459	-	812,400	(831,035)	246,824
Investment Income (Loss)	114,984	(153)	41	-	114,872
Equity in Gain/(Loss) of Joint Ventures	473,461	-	-	-	473,461
Miscellaneous Income	202,811	5,204	-	-	208,015
Excess of Assets Acquired Over Liabilities Assumed of Sojourner Center	-	6,843,770	-	-	6,843,770
Total Revenue and Other Gains	1,777,329	6,848,821	812,441	(831,035)	8,607,556
Total Support, Revenues, and Other Gains	45,820,328	7,554,000	812,441	(831,035)	53,355,734
FUNCTIONAL EXPENSES					
Program Services:					
Behavioral Health Services	30,591,424	-	-	(803,957)	29,787,467
Shelter Without Walls	396,585	-	-	-	396,585
Real World Job Development	568,402	-	-	-	568,402
Homebased Services	4,863,756	-	-	-	4,863,756
Older Adults	894,265	-	-	-	894,265
Jewish Community Services	348,051	-	-	-	348,051
Prevention Services	265,233	-	-	-	265,233
Sojourner Center	-	557,046	-	-	557,046
Total Program Services	37,927,716	557,046	-	(803,957)	37,680,805
Supporting Services:					
Management and General	5,992,839	-	27,078	(27,078)	5,992,839
Management Services	304,038	-	-	-	304,038
Fundraising	836,079	-	-	-	836,079
Twenty Thirty Three	-	-	878,824	-	878,824
Other	588,381	-	-	-	588,381
Total Supporting Services	7,721,337	-	905,902	(27,078)	8,600,161
Total Functional Expenses	45,649,053	557,046	905,902	(831,035)	46,280,966
CHANGES IN NET ASSETS	171,275	6,996,954	(93,461)	-	7,074,768
Net Assets - Beginning of Year	9,560,053	-	1,173,199	-	10,733,252
NET ASSETS - END OF YEAR	$ 9,731,328	$ 6,996,954	$ 1,079,738	$ -	$ 17,808,020