

Jewish Child and Family Services

Financial Report
June 30, 2009

Contents

Independent Auditor's Report	1
------------------------------	---

Financial Statements	
Consolidated Statements of Financial Position	2
Consolidated Statements of Activities	3 - 6
Consolidated Statements of Functional Expenses and Directly Related Program Services Revenue	7 - 10
Consolidated Statements of Cash Flows	11
Notes to Consolidated Financial Statements	12 - 25

Supplementary Information	26
Consolidated Detail Statement of Activities - Other Funds	27 - 29
Statements of Revenue and Expenses for Hebrew Immigrant Aid Society of Chicago	30
Consolidated Schedules of Activities	31
Consolidated Schedules of Functional Expenses and Directly Related Program Services Revenue	32

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

Board of Directors of
Jewish Child and Family Services
Chicago, Illinois

We have audited the accompanying consolidated statements of financial position of Jewish Child and Family Services (the Agency) as of June 30, 2009 and 2008, and the related consolidated statements of activities, functional expenses and directly related program services revenue and cash flows for the years then ended. The consolidated financial statements are the responsibility of the Agency's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jewish Child and Family Services as of June 30, 2009 and 2008 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information is presented for the purpose of additional analysis and is not a required part of the basic consolidated financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

McGladrey & Pullen, LLP

Chicago, Illinois
January 14, 2010

Jewish Child and Family Services

**Consolidated Statements of Financial Position
June 30, 2009 and 2008**

	2009	2008
Assets		
Cash and cash equivalents	\$ 626,880	\$ 469,707
Due from Jewish Federation of Metropolitan Chicago	598,160	351,843
Due from other affiliated organizations	488,528	433,215
Accounts receivable, net	2,106,093	2,473,679
Prepaid expenses and other assets	74,466	24,730
Investments	6,853,122	11,561,465
Property and equipment, net	1,497,806	1,307,589
Endowment Foundation assets	11,630,960	13,336,338
	<u>\$ 23,876,015</u>	<u>\$ 29,958,566</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 1,192,603	\$ 1,142,792
Accrued vacation	832,278	818,520
Due to Jewish Federation of Metropolitan Chicago	874,042	703,238
Deferred revenue and other liabilities	467,229	381,307
Severance payable	-	7,057
Deferred compensation payable	237,500	237,531
Merger loan due to Jewish Federation of Metropolitan Chicago	1,528,400	1,528,400
	<u>5,132,052</u>	<u>4,818,845</u>
Net assets		
Unrestricted		
Designated for special purposes	2,764,144	8,353,947
Property and equipment funds	4,282,346	4,920,971
	<u>7,046,490</u>	<u>13,274,918</u>
Temporarily restricted	3,522,395	3,689,725
Permanently restricted	8,175,078	8,175,078
	<u>18,743,963</u>	<u>25,139,721</u>
	<u>\$ 23,876,015</u>	<u>\$ 29,958,566</u>

See Notes to Consolidated Financial Statements.

Jewish Child and Family Services

**Consolidated Statements of Activities
Year Ended June 30, 2009**

	Unrestricted			Temporarily Restricted	Permanently Restricted	2009 Total	
	Undesignated	Designated for Special Purposes	Property and Equipment				Total
Revenue							
Public support							
Allocated by Jewish Federation of Metropolitan Chicago	\$ 9,509,649	\$ -	\$ -	\$ 9,509,649	\$ -	\$ -	\$ 9,509,649
Contributions from other affiliated organizations	505,127	-	-	505,127	5,004	-	510,131
Other contributions	3,103,591	82,418	-	3,186,009	588,448	-	3,774,457
Legacies and bequests	38,494	-	-	38,494	40,000	-	78,494
	<u>13,156,861</u>	<u>82,418</u>	<u>-</u>	<u>13,239,279</u>	<u>633,452</u>	<u>-</u>	<u>13,872,731</u>
Program related revenue							
Fees and grants from governmental agencies	13,656,061	-	-	13,656,061	-	-	13,656,061
Program service fees	2,297,987	-	-	2,297,987	-	-	2,297,987
	<u>15,954,048</u>	<u>-</u>	<u>-</u>	<u>15,954,048</u>	<u>-</u>	<u>-</u>	<u>15,954,048</u>
Other revenue							
Interest and dividend income	18,028	38,433	24,592	81,053	13,219	-	94,272
Net losses on Agency investments	-	(983,474)	(606,122)	(1,589,596)	(325,858)	-	(1,915,454)
Endowment Foundation revenue and gains (losses)	781,964	(2,504,380)	-	(1,722,416)	799,002	-	(923,414)
Miscellaneous income, net	74,400	-	-	74,400	-	-	74,400
Net assets released from restrictions	1,335,140	39,696	-	1,374,836	(1,374,836)	-	-
	<u>2,209,532</u>	<u>(3,409,725)</u>	<u>(581,530)</u>	<u>(1,781,723)</u>	<u>(888,473)</u>	<u>-</u>	<u>(2,670,196)</u>
	<u>31,320,441</u>	<u>(3,327,307)</u>	<u>(581,530)</u>	<u>27,411,604</u>	<u>(255,021)</u>	<u>-</u>	<u>27,156,583</u>

See Notes to Consolidated Financial Statements.

Jewish Child and Family Services

Consolidated Statements of Activities (Continued)
Year Ended June 30, 2009

	Unrestricted			Total	Temporarily Restricted	Permanently Restricted	2009 Total
	Undesignated	Designated for Special Purposes	Property and Equipment				
Expenses							
Program services							
Counseling and support	\$ 14,347,913	\$ -	\$ 27,346	\$ 14,375,259	\$ -	\$ -	\$ 14,375,259
Foster care	2,951,810	-	-	2,951,810	-	-	2,951,810
Residential services	4,444,264	-	32,177	4,476,441	-	-	4,476,441
Therapeutic day school	4,997,921	-	5,509	5,003,430	-	-	5,003,430
Autism services	1,260,907	-	920	1,261,827	-	-	1,261,827
Child day care	1,794,252	-	14,111	1,808,363	-	-	1,808,363
	<u>29,797,067</u>	<u>-</u>	<u>80,063</u>	<u>29,877,130</u>	<u>-</u>	<u>-</u>	<u>29,877,130</u>
Support services - management and general	3,475,051	-	163,316	3,638,367	-	-	3,638,367
	<u>33,272,118</u>	<u>-</u>	<u>243,379</u>	<u>33,515,497</u>	<u>-</u>	<u>-</u>	<u>33,515,497</u>
Decrease in net assets before other changes	<u>(1,951,677)</u>	<u>(3,327,307)</u>	<u>(824,909)</u>	<u>(6,103,893)</u>	<u>(255,021)</u>	<u>-</u>	<u>(6,358,914)</u>
Other changes in net assets							
Acquisition of equipment by undesignated fund	(272,699)	-	272,699	-	-	-	-
Merger expenses	-	(197,741)	160,897	(36,844)	-	-	(36,844)
Other transfers	2,224,376	(2,064,755)	(247,312)	(87,691)	87,691	-	-
	<u>1,951,677</u>	<u>(2,262,496)</u>	<u>186,284</u>	<u>(124,535)</u>	<u>87,691</u>	<u>-</u>	<u>(36,844)</u>
Decrease in net assets	<u>-</u>	<u>(5,589,803)</u>	<u>(638,625)</u>	<u>(6,228,428)</u>	<u>(167,330)</u>	<u>-</u>	<u>(6,395,758)</u>
Net assets							
Beginning of year	-	8,353,947	4,920,971	13,274,918	3,689,725	8,175,078	25,139,721
End of year	<u>\$ -</u>	<u>\$ 2,764,144</u>	<u>\$ 4,282,346</u>	<u>\$ 7,046,490</u>	<u>\$ 3,522,395</u>	<u>\$ 8,175,078</u>	<u>\$ 18,743,963</u>

See Notes to Consolidated Financial Statements.

Jewish Child and Family Services

Consolidated Statements of Activities (Continued)
Year Ended June 30, 2008

	Unrestricted			Total	Temporarily Restricted	Permanently Restricted	2008 Total
	Undesignated	Designated for Special Purposes	Property and Equipment				
Revenue							
Public support							
Allocated by Jewish Federation of Metropolitan Chicago	\$ 9,430,663	\$ -	\$ -	\$ 9,430,663	\$ -	\$ -	\$ 9,430,663
Contributions from other affiliated organizations	577,336	-	-	577,336	5,004	-	582,340
Other contributions	2,877,681	198,903	-	3,076,584	1,161,678	-	4,238,262
Legacies and bequests	291,538	-	-	291,538	-	-	291,538
	<u>13,177,218</u>	<u>198,903</u>	<u>-</u>	<u>13,376,121</u>	<u>1,166,682</u>	<u>-</u>	<u>14,542,803</u>
Program related revenue							
Fees and grants from governmental agencies	14,058,062	-	-	14,058,062	-	-	14,058,062
Program service fees	2,409,842	-	-	2,409,842	-	-	2,409,842
	<u>16,467,904</u>	<u>-</u>	<u>-</u>	<u>16,467,904</u>	<u>-</u>	<u>-</u>	<u>16,467,904</u>
Other revenue							
Interest and dividend income	91,361	80,622	48,261	220,244	27,547	-	247,791
Net losses on Agency investments	-	(287,672)	(210,282)	(497,954)	(117,836)	-	(615,790)
Endowment Foundation revenue and gains (losses)	743,827	(979,248)	-	(235,421)	284,500	-	49,079
Miscellaneous income, net	82,325	-	-	82,325	-	-	82,325
Net assets released from restrictions	1,400,089	23,968	-	1,424,057	(1,424,057)	-	-
	<u>2,317,602</u>	<u>(1,162,330)</u>	<u>(162,021)</u>	<u>993,251</u>	<u>(1,229,846)</u>	<u>-</u>	<u>(236,595)</u>
	<u>31,962,724</u>	<u>(963,427)</u>	<u>(162,021)</u>	<u>30,837,276</u>	<u>(63,164)</u>	<u>-</u>	<u>30,774,112</u>

See Notes to Consolidated Financial Statements.

Jewish Child and Family Services

Consolidated Statements of Activities (Continued)
Year Ended June 30, 2008

	Unrestricted			Total	Temporarily Restricted	Permanently Restricted	2008 Total
	Undesignated	Designated for Special Purposes	Property and Equipment				
Expenses							
Program services							
Counseling and support	\$ 14,906,587	\$ -	\$ 34,344	\$ 14,940,931	\$ -	\$ -	\$ 14,940,931
Foster care	2,849,769	-	-	2,849,769	-	-	2,849,769
Residential services	4,368,561	-	30,387	4,398,948	-	-	4,398,948
Therapeutic day school	4,513,807	-	3,130	4,516,937	-	-	4,516,937
Autism services	1,044,981	-	920	1,045,901	-	-	1,045,901
Child day care	1,780,257	-	12,007	1,792,264	-	-	1,792,264
	29,463,962	-	80,788	29,544,750	-	-	29,544,750
Support services - management and general	3,245,734	-	162,700	3,408,434	-	-	3,408,434
	32,709,696	-	243,488	32,953,184	-	-	32,953,184
Decrease in net assets before other changes	(746,972)	(963,427)	(405,509)	(2,115,908)	(63,164)	-	(2,179,072)
Other changes in net assets							
Acquisition of equipment by undesignated fund	(83,477)	-	83,477	-	-	-	-
Merger expenses	-	(156,251)	-	(156,251)	-	-	(156,251)
Other transfers	830,449	(573,521)	(256,928)	-	-	-	-
	746,972	(729,772)	(173,451)	(156,251)	-	-	(156,251)
Decrease in net assets	-	(1,693,199)	(578,960)	(2,272,159)	(63,164)	-	(2,335,323)
Net assets							
Beginning of year	-	10,047,146	5,499,931	15,547,077	3,752,889	8,175,078	27,475,044
End of year	\$ -	\$ 8,353,947	\$ 4,920,971	\$ 13,274,918	\$ 3,689,725	\$ 8,175,078	\$ 25,139,721

See Notes to Consolidated Financial Statements.

Jewish Child and Family Services

Consolidated Statements of Functional Expenses and Directly Related Program Services Revenue Year Ended June 30, 2009

	Program Services		
	Counseling and Support	Foster Care	Residential Services
Functional expenses			
Salaries	\$ 7,742,156	\$ 1,049,396	\$ 2,602,236
Employee health and retirement benefits and payroll tax	2,128,734	293,831	728,626
	<u>9,870,890</u>	<u>1,343,227</u>	<u>3,330,862</u>
Professional fees and contract service payments	759,039	280,758	73,212
Supplies	271,732	59,405	308,478
Telephone	121,428	24,542	34,560
Postage and delivery	54,396	7,448	3,900
Occupancy	1,303,696	157,509	357,225
Equipment purchases, rentals, and repairs	106,381	22,554	22,590
Software purchases and maintenance	1,575	-	-
Outside printing and art work	108,383	4,681	2,483
Local transportation	155,602	189,680	79,459
Conferences, conventions, meetings and major trips	81,197	6,310	11,200
Subscriptions and reference publications	17,099	952	804
Specific assistance to individuals	1,427,446	859,311	158,751
Membership dues	26,618	7,505	3,980
Miscellaneous expense	42,431	(12,072)	56,760
	<u>14,347,913</u>	<u>2,951,810</u>	<u>4,444,264</u>
Depreciation	27,346	-	32,177
	<u>\$ 14,375,259</u>	<u>\$ 2,951,810</u>	<u>\$ 4,476,441</u>
Directly related program services revenue			
Fees and grants from governmental agencies	\$ 2,285,440	\$ 2,767,285	\$ 3,339,762
Program service fees	1,060,838	2,846	206,571
	<u>\$ 3,346,278</u>	<u>\$ 2,770,131</u>	<u>\$ 3,546,333</u>

See Notes to Consolidated Financial Statements.

Program Services			Total Program Services	Supporting Services - Management and General	2009 Total
Therapeutic Day School	Autism Services	Child Day Care			
\$ 2,944,033	\$ 767,788	\$ 1,088,131	\$ 16,193,740	\$ 1,792,007	\$ 17,985,747
858,380	214,981	305,664	4,530,216	502,720	5,032,936
3,802,413	982,769	1,393,795	20,723,956	2,294,727	23,018,683
159,602	26,933	51,917	1,351,461	437,188	1,788,649
206,284	11,331	91,004	948,234	89,067	1,037,301
10,574	3,602	17,056	211,762	23,877	235,639
5,782	1,782	2,323	75,631	9,197	84,828
752,355	213,556	168,052	2,952,393	183,181	3,135,574
25,101	3,869	13,835	194,330	11,780	206,110
-	-	-	1,575	214	1,789
3,171	2,386	4,528	125,632	124,752	250,384
8,417	7,646	43,319	484,123	17,378	501,501
10,844	7,412	7,534	124,497	25,655	150,152
1,360	230	409	20,854	4,204	25,058
8,278	175	-	2,453,961	-	2,453,961
5,423	1,287	480	45,293	12,905	58,198
(1,683)	(2,071)	-	83,365	240,926	324,291
4,997,921	1,260,907	1,794,252	29,797,067	3,475,051	33,272,118
5,509	920	14,111	80,063	163,316	243,379
\$ 5,003,430	\$ 1,261,827	\$ 1,808,363	\$ 29,877,130	\$ 3,638,367	\$ 33,515,497
\$ 4,445,900	\$ 817,674	\$ -	\$ 13,656,061	\$ -	\$ 13,656,061
655	136,918	890,159	2,297,987	-	2,297,987
\$ 4,446,555	\$ 954,592	\$ 890,159	\$ 15,954,048	\$ -	\$ 15,954,048

Jewish Child and Family Services

Consolidated Statements of Functional Expenses and Directly Related Program Services Revenue (Continued)
Year Ended June 30, 2008

	Program Services		
	Counseling and Support	Foster Care	Residential Services
Functional expenses			
Salaries	\$ 7,979,915	\$ 979,365	\$ 2,545,195
Employee health and retirement benefits and payroll tax	2,277,769	282,876	738,107
	<u>10,257,684</u>	<u>1,262,241</u>	<u>3,283,302</u>
Professional fees and contract service payments	884,622	257,149	74,058
Supplies	289,680	61,713	291,807
Telephone	139,725	25,198	38,260
Postage and delivery	53,059	8,085	3,566
Occupancy	1,412,081	156,404	346,605
Equipment purchases, rentals, and repairs	34,694	29,379	21,687
Outside printing and art work	125,889	9,873	5,424
Local transportation	152,740	175,715	71,714
Conferences, conventions, meetings and major trips	72,366	10,641	15,151
Subscriptions and reference publications	19,876	1,712	970
Specific assistance to individuals	1,332,422	844,889	131,852
Membership dues	29,708	8,509	4,818
Miscellaneous expense	102,041	(1,739)	79,347
	<u>14,906,587</u>	<u>2,849,769</u>	<u>4,368,561</u>
Depreciation	34,344	-	30,387
	<u>\$ 14,940,931</u>	<u>\$ 2,849,769</u>	<u>\$ 4,398,948</u>
Directly related program services revenue			
Fees and grants from governmental agencies	\$ 2,906,213	\$ 2,820,249	\$ 3,210,163
Program service fees	1,129,554	-	189,864
	<u>\$ 4,035,767</u>	<u>\$ 2,820,249</u>	<u>\$ 3,400,027</u>

See Notes to Consolidated Financial Statements.

Program Services			Total Program Services	Supporting Services - Management and General	2008 Total
Therapeutic Day School	Autism Services	Child Day Care			
\$ 2,673,419	\$ 585,540	\$ 1,070,926	\$ 15,834,360	\$ 1,622,318	\$ 17,456,678
791,300	169,807	303,821	4,563,680	349,757	4,913,437
3,464,719	755,347	1,374,747	20,398,040	1,972,075	22,370,115
75,440	33,652	48,593	1,373,514	449,611	1,823,125
151,651	24,299	105,370	924,520	23,298	947,818
8,427	3,353	10,156	225,119	15,995	241,114
3,837	1,266	2,212	72,025	8,145	80,170
710,483	205,034	156,995	2,987,602	156,511	3,144,113
33,186	5,850	23,120	147,916	16,045	163,961
5,237	5,601	9,203	161,227	27,090	188,317
11,760	3,620	41,846	457,395	21,308	478,703
9,566	4,288	3,822	115,834	24,157	139,991
1,429	261	238	24,486	2,557	27,043
15,243	-	308	2,324,714	-	2,324,714
4,096	1,299	155	48,585	38,492	87,077
18,733	1,111	3,492	202,985	490,450	693,435
4,513,807	1,044,981	1,780,257	29,463,962	3,245,734	32,709,696
3,130	920	12,007	80,788	162,700	243,488
\$ 4,516,937	\$ 1,045,901	\$ 1,792,264	\$ 29,544,750	\$ 3,408,434	\$ 32,953,184
\$ 4,551,456	\$ 569,666	\$ 315	\$ 14,058,062	-	14,058,062
54,287	114,274	921,863	2,409,842	-	2,409,842
\$ 4,605,743	\$ 683,940	\$ 922,178	\$ 16,467,904	\$ -	\$ 16,467,904

Jewish Child and Family Services

Consolidated Statements of Cash Flows Years Ended June 30, 2009 and 2008

	2009	2008
Cash Flows from Operating Activities		
Decrease in net assets	\$ (6,395,758)	\$ (2,335,323)
Depreciation	243,379	243,488
Losses on Agency investments	1,841,615	463,677
Losses on Endowment Foundation investments	2,288,067	763,678
Changes in		
Due to (from) Jewish Federation of Metropolitan Chicago	(75,513)	1,160,872
Due to (from) other affiliated organizations	(55,313)	(52,125)
Accounts receivable	367,586	(368,751)
Prepaid expenses and other assets	(49,736)	(5,221)
Endowment Foundation receivables	2,967	(163,757)
Accounts payable and accrued expenses	63,538	41,418
Deferred revenue and other liabilities	85,922	1,525
Severance payable	(7,057)	(85,082)
Net cash used in operating activities	<u>(1,690,303)</u>	<u>(335,601)</u>
Cash Flows from Investing Activities		
Additions to property and equipment	(433,596)	(83,869)
Net repayments of line of credit	-	(350,000)
Purchase of Agency investments	(39,873)	(937,015)
Purchase of Endowment Foundation investments	(1,367,620)	(649,000)
Proceeds from sale of Agency investments	2,906,601	2,081,365
Proceeds from sales of Endowment Foundation investments	781,964	743,827
Net cash provided by investing activities	<u>1,847,476</u>	<u>805,308</u>
Cash Flows from Financing Activities		
Proceeds from revenue anticipation notes	10,215,000	9,845,000
Repayment of revenue anticipation notes	(10,215,000)	(9,845,000)
Net cash used in financing activities	<u>-</u>	<u>-</u>
Increase in cash and cash equivalents	157,173	469,707
Cash and cash equivalents		
Beginning of year	<u>469,707</u>	<u>-</u>
End of year	<u>\$ 626,880</u>	<u>\$ 469,707</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid	<u>\$ 77,069</u>	<u>\$ 191,104</u>

See Notes to Consolidated Financial Statements.

Jewish Child and Family Services

Notes to Consolidated Financial Statements

Note 1. Organization and Significant Accounting Policies

Jewish Child and Family Services (the Agency) is a comprehensive social service agency that provides services to children, adults, and families who reside in the Chicago, Illinois metropolitan area. Activities, which are funded primarily through government contracts and fees and subsidies received from an affiliated organization, include childcare and education, residential and child welfare services, counseling and support, services to people with disabilities, and community support services.

The Agency is affiliated with the Jewish Federation of Metropolitan Chicago (Jewish Federation), as more fully described in Note 2.

In order to achieve more efficient allocation of resources and more effective delivery of services, Jewish Family and Community Service (JFCS) merged with and into Jewish Children's Bureau of Chicago (JCB), effective July 1, 2006. JCB was the surviving corporation, and the separate existence of JFCS ceased. Pursuant to a May 2006 Agreement and Plan of Merger of Agencies (among JCB, JFCS and Jewish Federation), JCB amended and restated its bylaws and articles of incorporation, whereby JCB changed its name to Jewish Child and Family Services.

Significant accounting policies are as follows:

Basis of presentation: The Agency's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. For financial reporting purposes, net assets and related activity for the Agency's funds are classified as unrestricted, temporarily restricted or permanently restricted, based on the existence or absence of donor imposed restrictions.

The Agency's unrestricted funds are available for support of the Agency's operations. Special purpose funds have been internally designated for certain programs or uses.

Temporarily restricted net assets represent net assets subject to donor imposed restrictions that will be met either by the Agency's actions or the passage of time. Temporarily restricted net assets are reclassified to unrestricted net assets when the restrictions are met or have expired. These restrictions are reported in the statement of activities as net assets released from restrictions.

The Agency's permanently restricted net assets represent funds subject to the restrictions of gift instruments requiring the principal to be maintained intact. Investment income, including realized and unrealized gains and losses, is recorded directly in unrestricted income or loss unless specifically restricted by the donor.

Consolidation: The Agency's financial statements have been prepared on a consolidated basis, whereby the financial statements include the accounts of the Agency as well as those of the Jewish Child and Family Services Endowment Foundation (Endowment Foundation). Any significant intercompany accounts and transactions, such as annual Endowment Foundation distributions received by the Agency, are effectively eliminated in consolidation.

Note 1. Organization and Significant Accounting Policies (Continued)

Cash and cash equivalents: The Agency considers all highly liquid debt instruments acquired with an original maturity of three months or less to be cash equivalents. The Agency maintains its cash balance in bank and money market accounts, which at times may exceed the federal insured limit. The Agency has not experienced any losses in such accounts and the Agency's management believes that the Agency is not exposed to any significant credit risk on cash.

Accounts receivable: Accounts receivable represents amounts due for reimbursement of program services and related revenue, the majority of which is due from governmental agencies. The amounts are stated net of an allowance for doubtful accounts of approximately \$227,000 and \$210,000, for fiscal years 2009 and 2008, respectively, determined based on historical experience and analysis of specific accounts. Uncollectible amounts are written off in the year they are deemed to be worthless.

Investments: Investments are recorded at fair value, as required by the accounting principles generally accepted in the United States of America. Changes in fair value are recorded as unrealized gains (losses).

The Agency and the Endowment Foundation invest in the Jewish Federation pooled investment portfolio but do not own or have any interest in the underlying investments. The Jewish Federation's pooled endowment portfolio comprises various types of investments, including mutual funds, equity and debt securities, alternative investments and other investment vehicles. As outside investors in the portfolio, the Agency and Endowment Foundation have the ability to withdraw funds from their account on the first day of any calendar quarter. Withdrawal requests are required to be submitted to the Jewish Federation in writing at least five days prior to quarter-end and withdrawals representing 25 percent or more of an investor's assets are paid in two installments.

Investments in equity securities with readily determinable fair values and all debt securities are carried at fair value. Alternative investments and other investment vehicles are valued at fair value based on the applicable percentage ownership of the investment funds' net assets as of year-end, as determined by the Jewish Federation. In determining fair value, the Jewish Federation utilizes valuations and other information provided by fund managers or the general partners of investment partnerships. The underlying investment funds value securities and other financial instruments substantially on a mark-to-market or fair value basis of accounting. The estimated fair values of certain investments of the underlying investments funds are determined by the investment manager or sponsor of the respective fund. The fair value of the Jewish Federation's alternative investments generally represents the amount expected to be received if the Jewish Federation were to liquidate its alternative investments, excluding any redemption charges that may apply. Accordingly, the estimated fair values of the alternative investments may differ significantly from the values that would have been used had a ready market existed for these investments.

The difference between the aggregate market values of investments in marketable securities as of the end of the year and their market values at the beginning of the year for investments then owned, or the cost of acquisitions during the year and the net gain or losses on dispositions of investments, are reflected as net gains or losses on investments.

Property and equipment: Property and equipment are recorded at cost. Additions in excess of \$1,000 are capitalized. Depreciation is recorded based on the straight-line method over the estimated useful lives of the assets, which range from 25 to 30 years for buildings, 25 years for building improvements, 10 years for furniture and fixtures, and 5 years for vehicles.

Note 1. Organization and Significant Accounting Policies (Continued)

Compensated absences: As required by Statement of Financial Accounting Standards No. 43, *Accounting for Compensated Absences*, the Agency records an accrued liability for employees' earned but unused vacation time totaling \$832,278 and \$818,520 at June 30, 2009 and 2008, respectively.

Deferred revenue and other liabilities: The Agency often receives funds from grants and other sources prior to the related expenses being incurred. These funds are reported as deferred revenue and other liabilities in the financial statements.

Revenue recognition: Contributions, including unconditional promises to give, are recorded as revenue in the period the promises are received at their fair value. Bequests from estates are generally recognized when received, which is after the probate court declares the will valid. Grants are recognized when earned, which is generally when qualifying expenses have been incurred and all other grant requirements have been met.

Donated services: A substantial number of volunteers have donated significant time to the Agency's activities. However, no amounts were reflected for these services because they did not meet the criteria for recognition in the financial statements.

Merger expenses: Merger related costs are considered to be period expenses and all such costs are recorded as an Agency expense when incurred. The Jewish Federation has provided a merger loan to fund certain merger expenses (Note 11).

Functional expenses: Operating expenses directly identified with a functional area are charged to that area, and where those expenses affect more than one area, they are allocated to functional areas in proportion to the benefit each area receives from those costs.

Comparative data: Certain 2008 balances have been reclassified to conform to the current year's presentation, without any effect on previously reported net assets or changes in net assets.

Fair value of financial instruments: The carrying amounts of financial instruments, including cash, cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value due to the short maturity of these instruments.

Income taxes: The Agency, an Illinois nonprofit corporation, is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law, except for taxes pertaining to unrelated business income, if any.

FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48), clarifies the accounting for uncertainty in income tax positions recognized in financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Effective June 30, 2008, the Agency adopted FIN 48. Examples of tax positions include various positions related to the potential sources of unrelated business taxable income (UBIT). UBIT, if any, is reported on Form 990-T, as appropriate. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes that it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any.

The portion of the benefits associated with tax positions taken that exceeds the amount measured using the "more likely than not" recognition threshold would be reflected as a liability for unrecognized tax benefits in the accompanying statements of financial position. Upon the adoption of FIN 48 and as of June 30, 2009, there were no unrecognized tax benefits identified and recorded.

Notes to Consolidated Financial Statements

Note 1. Organization and Significant Accounting Policies (Continued)

Use of estimates: In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions affecting the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events: The Agency has evaluated subsequent events for potential recognition and/or disclosures through January 14, 2010, the date the financial statements were issued.

New accounting pronouncements: Effective July 1, 2008, the Agency adopted FASB Staff Position (FSP) No. FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for all Endowment Funds*. FSP No. FAS 117-1 provides guidance on the net asset classification of the donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). This FSP also improves disclosures about an organization's endowment funds (both donor-restricted and board-designated endowment funds) whether or not the organization is subject to UPMIFA. The UPMIFA was enacted in Illinois on June 30, 2009.

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS No. 157). SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurement. SFAS No. 157 also emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets. Under SFAS No. 157, fair value measurements are disclosed by level within that hierarchy. In February 2008, the FASB issued FASB Staff Position No. 157-2, *Effective Date of FASB Statement No. 157*, which permits a one-year deferral for the implementation of SFAS No. 157 with regard to nonfinancial assets and liabilities that are not recognized or disclosed at fair value in the financial statements on a recurring basis. The Agency adopted SFAS No. 157 for the fiscal year beginning July 1, 2008, except for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis for which delayed application is permitted until its fiscal year beginning July 1, 2009. The adoption of the remaining provisions of SFAS No. 157 is not expected to have a material impact on the Agency's financial position, results of activities or cash flows.

Note 2. Affiliated Organizations

Jewish Federation: The Agency is an affiliate of the Jewish Federation of Metropolitan Chicago. Pursuant to their affiliation agreement, the Jewish Federation provides an allocation of funds to the Agency's unrestricted funds. The Jewish Federation subsidy was \$9,509,649 and \$9,430,663 for the years ended June 30, 2009 and 2008, respectively.

In accordance with the affiliation agreement, the Agency may not negotiate any merger or material transfer of assets without approval of the Jewish Federation, and in the event of any liquidation of the Agency, the net proceeds are to be distributed to the Jewish Federation.

The Agency leases office and facility space from the Jewish Federation. Management understands that the rate the Agency pays is based on Jewish Federation's actual costs for basic rental and certain other occupancy costs. The Agency participates with the Jewish Federation and its other affiliated agencies in self-insurance programs for health, dental and vision insurance. All self-insurance programs of the Jewish Federation and its affiliated agencies include specific and aggregate stop loss insurance policies. Contributions by the Agency for such coverage (made to the Jewish Federation, as custodian for these programs) amounted to \$867,039 and \$951,475 for fiscal years 2009 and 2008, respectively.

Jewish Child and Family Services

Notes to Consolidated Financial Statements

Note 2. Affiliated Organizations (Continued)

HIAS: Pursuant to a management agreement with the Hebrew Immigrant Aid Society of Chicago (HIAS), the Agency manages HIAS' professional service programs, policy development, personnel and office management, and financial matters, except for fundraising activities. HIAS, which is an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law, has agreed that all program income and earnings of HIAS are to be turned over to the Agency at the end of each calendar quarter (to be earmarked for HIAS' operations) and the Agency has assumed all the costs and expenses relating to HIAS' operations. Accordingly, the operating revenue and expenses of HIAS are included in the Agency's operating activities. Total HIAS revenue and expenses (which were equivalent) included in the Agency's statements of activities were \$958,946 and \$961,056 for 2009 and 2008, respectively.

Response Center: The Agency is responsible for the administration and financial reporting of the Response Center, which is a counseling, educational and resource center for adolescents and their families. The accounts of the Response Center, which is a program of the Jewish Federation, are included in the Agency's financial statements. During fiscal years 2009 and 2008, expenditures at the Response Center amounted to \$1,025,025 and \$992,409, respectively.

Auxiliaries: The Agency has two auxiliaries that have been organized for the purpose of raising funds to be used for various programs of the Agency. Both the North Shore Auxiliary of Jewish Child and Family Services and the Earl Rubin Chapter are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. Revenue recorded from the auxiliaries totaled \$261,900 and \$260,308 during the years ended June 30, 2009 and 2008, respectively. The accounts of these other affiliated organizations are not included in the consolidated financial statements because they do not meet the criteria requiring consolidation.

Note 3. Investments and Fair Value Measurements

The Agency and the Endowment Foundation are invested in the Jewish Federation's pooled endowment portfolio at June 30, 2009 and 2008, as follows:

	2009	2008
Agency	\$ 6,853,122	\$ 11,561,465
Endowment Foundation	11,469,083	13,171,494
	<u>\$ 18,322,205</u>	<u>\$ 24,732,959</u>

Effective July 1, 2008, the Agency and the Endowment Foundation adopted FASB Statement No. 157, *Fair Value Measurements* (SFAS No. 157), which provides a framework for measuring fair value under generally accepted accounting principles. SFAS No. 157 applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in SFAS No. 157, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Agency and Endowment Foundation uses various methods including market, income and cost approaches. Based on these approaches, the Agency and Endowment Foundation often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Agency and Endowment Foundation utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Agency and Endowment Foundation are required to provide the following information

Notes to Consolidated Financial Statements

Note 3. Investments and Fair Value Measurements (Continued)

according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Agency and Endowment Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. The following section describes the valuation techniques used by the Agency and Endowment Foundation to measure different financial instruments at fair value and includes the level within the fair value hierarchy in which the financial instrument is categorized.

As of June 30, 2009, the pooled investment funds of the Jewish Federation were invested as follows:

	Percentage of Total Pooled Fund	Approximate Hierarchy Level Within the Pooled Fund
Money market funds	2%	1
State of Israel bonds	1%	2
Mutual funds and other investment vehicles		
Domestic equity - large capitalization	11%	1
Domestic equity - small capitalization	8%	1
International equity	16%	1
Fixed income - domestic	12%	1
Fixed income - international	5%	1
Alternative investments		
Absolute return hedge funds	20%	3
Real asset funds (real estate, energy and natural resources)	12%	3
Private equity and fund-of-funds	13%	3
	<u>100%</u>	

Jewish Child and Family Services

Notes to Consolidated Financial Statements

Note 3. Investments and Fair Value Measurements (Continued)

Investment Transactions and Related Income - The Agency and the Endowment Foundation record security transactions on a trade date basis. Realized gains and losses on investment transactions and change in unrealized appreciation and depreciation on investments are reported as net income or loss on investment transactions. Interest income is recognized under the accrual basis. Dividend income is recognized on the ex-dividend date.

The Agency's and Endowment Foundation's investments in securities, as reported on the statement of financial position, are invested in the pooled investment funds of the Jewish Federation and are classified as Level 3 in the fair value hierarchy.

The following table presents a reconciliation of activity for the Level 3 financial instruments invested in the pooled investment funds of the Jewish Federation:

	Agency	Endowment Foundation
Balance, July 1, 2008	\$ 11,561,465	\$ 13,171,494
Realized and unrealized gains (losses) on investment transactions:		
Net realized (loss) on investments	(162,507)	(350,208)
Net change in unrealized (loss) on investments	(1,679,108)	(1,937,859)
Purchases of investment securities	39,873	1,367,620
Sale of investment securities	(2,906,601)	(781,964)
Balance, June 30, 2009	<u>\$ 6,853,122</u>	<u>\$ 11,469,083</u>

Note 3. Investments and Fair Value Measurements (Continued)

The Agency and the Endowment Foundation, as investors in the Jewish Federation pooled investment funds, enter into transactions with a variety of securities and derivative financial instruments, including exchange-traded futures and options contracts. These derivative financial instruments may have market and/or credit risk in excess of the amounts recorded in the statement of assets and liabilities.

Concentration of Credit Risk

The Agency and the Endowment Foundation currently invest all of their funds (except for cash and cash equivalents) in the pooled investment fund of the Jewish Federation. In the event the Jewish Federation does not fulfill its obligations, the Agency and the Endowment Foundation may be exposed to risk.

This risk of default depends on the creditworthiness of the counterparty to these transactions. The Jewish Federation attempts to minimize this credit risk by monitoring the creditworthiness of its counterparties.

Market Risk of Investment in Pooled Investment Funds

Market risk arises primarily from changes in the market value of financial instruments. Theoretically, the exposure is equal to the notional value of contracts purchased and unlimited on such contracts sold short.

Exposure to market risk is influenced by a number of factors, including the relationships between financial instruments, and the volatility and liquidity in the markets in which the financial instruments are traded. In many cases, the use of financial instruments serves to modify or offset market risk associated with other transactions and, accordingly, serves to decrease the overall exposure to market risk. The Jewish Federation attempts to control the pooled investment fund's exposure to market risk through various analytical monitoring techniques.

Credit Risk

Credit risk arises primarily from the potential inability of counterparties to perform in accordance with the terms of a contract. Within the pooled investment fund, the Jewish Federation's exposure to credit risk associated with counterparty nonperformance is limited to the current cost to replace all contracts in which the Jewish Federation has a gain. Exchange-traded financial instruments generally do not give rise to significant counterparty exposure due to the cash settlement procedures for daily market movements and the margin requirements of individual exchanges.

Jewish Child and Family Services

Notes to Consolidated Financial Statements

Note 4. Endowment Foundation

The Endowment Foundation was created pursuant to a 1999 agreement between the Jewish Federation and the Agency.

In accordance with this agreement, the Agency has agreed to transfer to the Endowment Foundation all endowment gifts and all amounts received in excess of \$25,000 from each non-endowment gift, bequest and devise it receives and the Jewish Federation has agreed to transfer to the Endowment Foundation all endowment gifts and all amounts received in excess of \$25,000 from each non-endowment gift, bequest and devise it receives that are restricted by the donor for the use of the Agency. The first \$25,000 received by the Jewish Federation from gifts restricted by the donor for the Agency will be included in the Jewish Federation's annual allocation to the Agency.

The operating expenses of the Endowment Foundation are allocated equally to the Jewish Federation and to the Agency. In addition, the Agency pays all fundraising costs. For fiscal years 2009 and 2008, the Agency's share of these total expenses was \$34,679 and \$33,846 respectively.

The Agency has the right to terminate its obligations and status as a participating agency, as defined. In addition, upon dissolution of the Endowment Foundation (which may only take place upon agreement of both the Agency and the Jewish Federation) or termination of the affiliation agreement between the Agency and the Jewish Federation, the Endowment Foundation's assets will be transferred to the Jewish Federation and used for the purposes for which they were intended.

The Endowment Foundation's endowment consists of donor-restricted funds established for a variety of purposes. In addition, funds with no donor-imposed restrictions are considered part of the endowment because they are held and invested by the Endowment Foundation for the benefit of the Agency. These funds are categorized as board-designated. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

On June 30, 2009, the governor of the state of Illinois signed into law the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA differs from laws previously in place in a few key areas. It eliminates the historic dollar value rule with respect to endowment fund spending, it updates the prudence standard for the management and investment of charitable funds, and it amends the provisions governing the release and modification of restrictions on charitable funds.

Effective July 1, 2008, the Foundation adopted the provisions of FASB Statement of Position No. FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act and Enhanced Disclosures for all Endowment Funds* (FSP FAS 117-1).

Jewish Child and Family Services

Notes to Consolidated Financial Statements

Note 4. Endowment Foundation (Continued)

Interpretation of relevant law

The board of directors of the Endowment Foundation has interpreted the Illinois UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Endowment Foundation classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The Endowment Foundation has no other activities beyond receiving and investing contributions on behalf of the Agency and incurs no other expenditures. Therefore, all investment income is considered appropriated for expenditure and is classified as unrestricted net assets available for distribution. In accordance with UPMIFA, the Endowment Foundation considers the following factors in making a determination to appropriate or accumulate earnings on donor-restricted endowment funds:

- 1) The duration and preservation of the fund;
- 2) The purpose of the Endowment Foundation and the donor-restricted endowment fund;
- 3) General economic conditions;
- 4) The possible effect of inflation and deflation;
- 5) The expected total return from income and the appreciation of investments;
- 6) Other resources of the Endowment Foundation; and
- 7) The investment policies of the Endowment Foundation.

The Endowment Foundation's investment composition by type of restriction is as follows for the year ended June 30, 2009:

	2009			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted	\$ -	\$ 1,278,846	\$ 8,175,078	\$ 9,453,924
Board-designated	2,015,159	-	-	2,015,159
	<u>\$ 2,015,159</u>	<u>\$ 1,278,846</u>	<u>\$ 8,175,078</u>	<u>\$ 11,469,083</u>

Jewish Child and Family Services

Notes to Consolidated Financial Statements

Note 4. Endowment Foundation (Continued)

The changes in endowment investments for the Endowment Foundation were as follows for the year ended June 30, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment investments, beginning of year	\$ 4,393,999	\$ 602,417	\$ 8,175,078	\$ 13,171,494
Net gain (loss) on Endowment Foundation investments:				
Investment income	98,935	-	-	98,935
Net depreciation (realized and unrealized)	(2,288,067)	-	-	(2,288,067)
	<u>(2,189,132)</u>	<u>-</u>	<u>-</u>	<u>(2,189,132)</u>
Contributions	556,560	712,125	-	1,268,685
Other changes:				
Release of restrictions	35,696	(35,696)	-	-
Distributions to Agency	(781,964)	-	-	(781,964)
	<u>(746,268)</u>	<u>(35,696)</u>	<u>-</u>	<u>(781,964)</u>
Endowment investments, end of year	<u>\$ 2,015,159</u>	<u>\$ 1,278,846</u>	<u>\$ 8,175,078</u>	<u>\$ 11,469,083</u>

The total endowment investment balance of \$11,469,083 is included within Endowment Foundation assets on the Agency's consolidated statement of financial position of \$11,630,988 as of June 30, 2009. The remaining \$161,905 represents other assets of the Endowment Foundation that are not considered to be part of the endowment until they are collected and invested in accordance with the Endowment Foundation's investment policy.

Return objectives and risk parameters

The Endowment Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Endowment Foundation must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds. Under this policy, the assets are invested in a manner intended to achieve an annualized long-term average nominal return of 8 percent. Actual returns in any given year may vary significantly from the targeted amount.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Endowment Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Endowment Foundation is required to invest 100 percent of the endowment in the pooled investment fund of the Jewish Federation (see Note 3).

Spending policy and how the investment objectives relate to spending policy

The Endowment Foundation has adopted the Jewish Federation's Controlled Growth Distribution Policy (CGDP). Under this policy, the distribution rate for annual distributions from the Foundation is based on the market performance of the Jewish Federation's investment pool, with certain caps and floors to provide stability during volatile market environments. The CGDP also includes a target growth rate of 2.5 percent per year.

Jewish Child and Family Services

Notes to Consolidated Financial Statements

Note 5. Property and Equipment

Property and equipment, reflected at acquisition cost, consists of the following:

	2009	2008
Group homes	\$ 1,701,403	\$ 1,580,393
Other building and improvements	347,259	347,259
Office furniture and equipment	2,540,370	2,381,794
	<u>4,589,032</u>	<u>4,309,446</u>
Accumulated depreciation	(3,091,226)	(3,001,857)
	<u>\$ 1,497,806</u>	<u>\$ 1,307,589</u>

Note 6. Line of Credit

The Agency has a line of credit agreement with JPMorgan Chase Bank, N.A. under which the Agency can borrow up to \$1,000,000. There were no outstanding borrowings as of June 30, 2009 or 2008. Interest on borrowings is payable monthly at a rate equal to the bank's prime rate (3.25 percent at June 30, 2009) for each floating rate advance, or at adjusted one month LIBOR plus 2.5 percent for each LIBOR rate advance (3.16 percent at June 30, 2009). The line has an expiration date of February 28, 2010, at which time the Agency has plans to renew the line for another year.

Note 7. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30:

	2009	2008
Services for people with disabilities	\$ 44,697	\$ 81,603
Program developmental research	92,259	110,893
Childcare and education	161,654	200,069
Counseling and support	280,708	600,135
Scholarship and loan programs	516,723	721,753
Teen programs	251,156	301,597
Other	743,475	1,001,258
Endowment Foundation net assets	1,431,723	672,417
	<u>\$ 3,522,395</u>	<u>\$ 3,689,725</u>

Note 8. Retirement Plans

The Agency is an employer participant in two employee retirement plans, Jewish Federation Employees' Retirement Income Plan of the Jewish Federation of Metropolitan Chicago and Participating Employers (FERIP) and Jewish Federation Employees' Retirement Savings Trust Plan of the Jewish Federation of Metropolitan Chicago and Participating Employers (FERST).

Jewish Child and Family Services

Notes to Consolidated Financial Statements

Note 8. Retirement Plans (Continued)

FERIP is a self-administered, noncontributory defined benefit trustee plan, the funding of which is provided on the basis of normal cost as actuarially determined. FERST is a defined contribution trustee plan, employer contributions to which are computed on the basis of a percentage of salaries. The plans cover substantially all of the Agency's employees.

Annual contributions paid or accrued by the Agency are determined as a percentage of payroll and are at the direction of Jewish Federation's Board of Directors based on recommendations from its Administration Committee. The amount provided for the fiscal years ended June 30, 2009 and 2008 was \$798,767 and \$806,459, respectively.

Under governmental regulations, in the event of plan termination or employer withdrawal, an employer may be liable for a portion of the plan's unfunded vested benefits. The Agency has not received information from the plan's administrator to determine its share of unfunded vested benefits. The Agency does not, however, anticipate withdrawal from the plan, nor is the Agency aware of any expected plan terminations.

In addition, a three-year employment agreement with the Agency's executive director provides for supplemental deferred compensation totaling \$250,000, payable in 120 monthly installments beginning in January 2009. The Agency's June 30, 2009 and 2008 financial statements reflect a liability of \$237,500 and \$237,531, representing the actuarially determined present value of the deferred compensation, and a receivable of \$78,003 and \$79,948 in connection with a related loan agreement with the executive director. The loan was for personal income taxes on the deferred compensation, paid by the Agency in 2006 on behalf of the executive director. The executive director of the Agency retired on June 30, 2009.

Note 9. Lease Obligations

The Agency occupies various spaces under several leases, including certain ones on a month-to-month basis. Total rental expense for the fiscal years ended June 30, 2009 and 2008, most of which was paid to the Jewish Federation, is as follows:

	2009	2008
Joy Faith Knapp Children's Center	\$ 1,089,595	\$ 1,057,859
Other (the Agency's main administrative office in Chicago and various other facility space)	1,640,823	1,594,638
	<u>\$ 2,730,418</u>	<u>\$ 2,652,497</u>

Minimum rental payments required under the Knapp Center lease total \$1,089,595 for fiscal 2009, and a lease for office space on West Peterson Avenue in Chicago requires monthly base rental payments up to \$11,000 through September 2014, plus approximately \$2,500 per month for 60 months as reimbursement to the landlord for its share of build-out costs.

Jewish Child and Family Services

Notes to Consolidated Financial Statements

Note 10. Revenue Anticipation Note Program

During fiscal years 2009 and 2008, the Agency was a participant in a revenue anticipation note program with the Jewish Federation and other affiliated agencies. Pursuant to agreements with the Illinois Development Finance Authority (IDFA), IDFA issued variable rate demand notes under the Jewish Charities Revenue Anticipation Notes Program. The Agency's proportionate share of the gross proceeds for fiscal years 2009 and 2008 were \$10,215,000 and \$9,845,000 respectively, and was evidenced by Series 2008-2009A and 2008-2009B notes to be used for the restricted purposes of providing temporary budgetary relief.

The Agency drew down amounts from its proportionate share of the net proceeds on a monthly basis as necessary to meet its cash flow requirements. Interest on the notes, set at a floating rate, was payable monthly, with the final payments of principal and interest being paid on June 30, 2009. The notes were secured by the Agency's unrestricted net receipts for fiscal year 2009 which included the subsidy from the Jewish Federation. Additional security for the notes was provided by an irrevocable letter of credit issued by Harris Trust and Savings Bank.

Interest income from the investment of undrawn bond proceeds amounted to \$10,638 and is included in investment income on the statement of activities. Interest expense and bond issuance costs were \$77,069 and \$95,015. These amounts were included in supporting services - management and general on the statement of activities and in miscellaneous expense on the statement of functional expenses.

Note 11. Merger Expenses

In connection with the 2007 merger of JCB and JFCS, the Agency incurred costs totaling \$197,741 and \$156,251 in fiscal years 2009 and 2008, respectively, to bring both agencies up to technical parity, including uniform business systems, to brand and market the merged Agency, and to relocate personnel and provide adequate space and equipment for the Agency's combined operations.

The Jewish Federation has made an interest free loan to the Agency to pay merger related costs totaling \$1,528,400 at June 30, 2009 and 2008 to prepare JCB and JFCS for the merger. The loan is repayable in 20 equal annual payments, not to exceed \$75,000, beginning in fiscal year 2010.

Note 12. Litigation

The Agency is a defendant in a lawsuit wherein a substantial amount is claimed. In the opinion of the Agency's legal counsel, these suits are without substantial merit and should not result in judgments which in the aggregate would have a material adverse effect on the Agency's financial statements.

Supplementary Information

Jewish Child and Family Services

Consolidated Detail Statement of Activities - Other Funds Year Ended June 30, 2009

	Net Assets, July 1, 2008	Public Support and Other Revenue	Investment Loss	Interfund Transfers	Merger Expenses	Depreciation Expense	Net Assets, June 30, 2009
Special Purpose Funds							
Agency Benefit fund	\$ 188,114	\$ 59,478	\$ (33,877)	\$ (214,030)	\$ -	\$ -	\$ (315)
Lynn Norton Memorial fund balance	355,742	-	(58,900)	(4,640)	-	-	292,202
Marion W. Goldman fund balance	16,464	-	(2,670)	(1,030)	-	-	12,764
Martin E. Langer fund balance	9,519	-	(1,542)	(620)	-	-	7,357
Other special purpose funds	570,051	-	(114,889)	(53,978)	-	-	401,184
R & H Dublin fund balance	10,943	500	(1,793)	(430)	-	-	9,220
Undisposed legacies	2,714,271	-	(731,370)	(1,767,587)	(197,741)	-	17,573
Endowment Foundation	4,488,843	466,716	(2,189,132)	(742,268)	-	-	2,024,159
	<u>\$ 8,353,947</u>	<u>\$ 526,694</u>	<u>\$ (3,134,173)</u>	<u>\$ (2,784,583)</u>	<u>\$ (197,741)</u>	<u>\$ -</u>	<u>\$ 2,764,144</u>
Property and Equipment Funds							
Nissman and General LB&E Special Purpose	\$ 351,846	\$ -	\$ (59,060)	\$ (21,742)	\$ -	\$ -	\$ 271,044
Invested in property and equipment	1,425,206	-	-	433,596	-	(243,379)	1,615,423
Knapp Building Fund	3,143,919	-	(522,470)	(225,570)	-	-	2,395,879
	<u>\$ 4,920,971</u>	<u>\$ -</u>	<u>\$ (581,530)</u>	<u>\$ 186,284</u>	<u>\$ -</u>	<u>\$ (243,379)</u>	<u>\$ 4,282,346</u>

Jewish Child and Family Services

Consolidated Detail Statement of Activities - Other Funds (Continued)
Year Ended June 30, 2009

	Net Assets, July 1, 2008	Public Support and Other Revenue	Investment Loss	Interfund Transfers	Merger Expenses	Depreciation Expense	Net Assets, June 30, 2009
Temporarily Restricted Funds							
Samuel S. Oman Scholarship Fund	\$ 195,106	\$ -	\$ (32,789)	\$ -	\$ -	\$ -	\$ 162,317
Lazarus and Rose Krinsley Scholarship Fund	48,679	-	(7,511)	(41,168)	-	-	-
Lawrence K. Schnadig Scholarship Fund	44,203	-	(7,440)	-	-	-	36,763
Marks Nathan Hall Fund	110,893	-	(18,634)	-	-	-	92,259
Isaac Wagner Jewish Identity Fund	19,568	1,000	(3,280)	-	-	-	17,288
Auxiliaries Program Fund-Devel Fellow Fd	70,090	-	(11,739)	(2,500)	-	-	55,851
Auxiliaries Program Fund-Child Therapy Fellow Fd	91,285	5,004	(15,357)	(5,000)	-	-	75,932
Marks Nathan Hall Alumni Educational Fund	3,153	-	(480)	-	-	-	2,673
Hyman B. and Sonia Coen Scholarship Fund	246,727	89,767	(34,404)	(182,103)	-	-	119,987
Child Sexual Abuse Specialist	107,299	-	(18,054)	(6,000)	-	-	83,245
Adoption Marketing Fund	15,405	-	(2,545)	(2,400)	-	-	10,460
Max Goldenberg Fund	54,422	-	(9,192)	(533)	-	-	44,697
Kersten Fund	4,074	-	(639)	-	-	-	3,435
Esther Clamage Fund	29,747	-	(4,865)	(3,000)	-	-	21,882
The Paul & Harriet Hirsch Fmly	142,367	-	(23,697)	(10,228)	-	-	108,442
Israel Summer Program	22,614	-	(3,844)	-	-	-	18,770
Cummings Group Home	26,829	(26,829)	-	-	-	-	-
Andrea Frankel Allen Adoption Escrow	22,144	-	(3,754)	-	-	-	18,390
Harry and Jeanne Klaas	13,471	-	(2,320)	-	-	-	11,151
Response Center	279,084	26,607	(38,271)	(16,264)	-	-	251,156
TDS Creative and Performing Arts Expansion Fund	7,500	(7,500)	-	-	-	-	-
FIH-Respite Grant	27,181	(27,181)	-	-	-	-	-
Rosenthal-Response Medical Unit Fund	22,513	(22,513)	-	-	-	-	-
Ken Jacobson Memorial Fund	6,438	250	(1,116)	-	-	-	5,572
Mills Family Charitable Foundation	36,318	-	(5,790)	(10,000)	-	-	20,528
Freed Family Foundation	11,194	-	(1,819)	(9,375)	-	-	-

Jewish Child and Family Services

Consolidated Detail Statement of Activities - Other Funds (Continued) Year Ended June 30, 2009

	Net Assets, July 1, 2008	Public Support and Other Revenue	Investment Loss	Interfund Transfers	Merger Expenses	Depreciation Expense	Net Assets, June 30, 2009
Temporarily Restricted Funds (Continued)							
Anita D. and Tom Bayard Foundation	\$ 25,391	\$ -	\$ (4,312)	\$ (7,474)	\$ -	\$ -	\$ 13,605
Hartman Family Foundation	37,100	12,500	(6,246)	(10,000)	-	-	33,354
Robert Applebaum Fund	324,202	-	(54,541)	-	-	-	269,661
Hedge Fund Care Grant	30,000	(30,000)	-	-	-	-	-
Holocaust Community Services Program	333,788	10,000	-	(179,426)	-	-	164,362
Consultation, Education and Training program	158,055	115,194	-	(136,150)	-	-	137,099
Betty Dayron Resettlement and Immigration Fund	21,348	-	-	-	-	-	21,348
Research and Writing Fund	1,614	-	-	(1,614)	-	-	-
Ljuba Wilkow Scholarship Fund	8,648	-	-	-	-	-	8,648
John W. Parmalee Trust Fund	4,910	-	-	-	-	-	4,910
Berkowitz Family Life Education Fund	4,030	-	-	-	-	-	4,030
Mendel Wilkow Scholarship Fund	3,000	-	-	-	-	-	3,000
Counseling Services Grant	244,999	55,001	-	(205,000)	-	-	95,000
Sidney M. Spiegel Staff Loan Fund	6,383	(833)	-	-	-	-	5,550
Self Support and Jewish Loan Fund	155,536	-	-	-	-	-	155,536
Evelyne Rosen Scholarship Fund	-	55,750	-	(41,979)	-	-	13,771
Knapp PEF	-	464,926	-	(464,926)	-	-	-
Endowment Foundation	672,417	799,002	-	(39,696)	-	-	1,431,723
	<u>\$ 3,689,725</u>	<u>\$ 1,520,145</u>	<u>\$ (312,639)</u>	<u>\$ (1,374,836)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,522,395</u>
Endowment Funds (Permanently Restricted)							
Endowment Foundation	<u>\$ 8,175,078</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,175,078</u>

Jewish Child and Family Services

Statements of Revenue and Expenses for Hebrew Immigrant Aid Society of Chicago Years Ended June 30, 2009 and 2008

	2009	2008
Program related revenue		
Governmental fees and grants	\$ 370,449	\$ 341,000
Program service fees	83,685	70,210
	<u>454,134</u>	<u>411,210</u>
Public support		
JFMC allocation and grants	122,089	114,797
Fund transfers	60,424	20,000
Endowment Foundation distribution	233,969	226,212
Contribution from other affiliated organizations	14,262	95,983
Other contributions	58,729	87,376
Legacies and bequests	13,494	-
	<u>502,967</u>	<u>544,368</u>
Other revenue		
Interest and dividend income	1,845	5,478
	<u>1,845</u>	<u>5,478</u>
Total revenue	<u>958,946</u>	<u>961,056</u>
Salaries and employee benefits		
Salaries	516,693	529,398
Benefits	144,674	153,525
	<u>661,367</u>	<u>682,923</u>
Other directly related program services expenses		
Professional fees	34,623	24,140
Supplies	21,815	19,095
Telephone	22,322	21,495
Postage and delivery	14,564	14,904
Occupancy	125,985	125,081
Equipment purchases, rentals and repairs	7,848	8,973
Software purchases and maintenance	1,575	3,892
Marketing and advertising	29,386	31,003
Transportation	7,293	4,199
Conferences, conventions and meetings	8,304	10,199
Subscriptions and reference	2,878	2,799
Specific assistance to individuals	16,395	7,700
Membership dues	950	700
Miscellaneous expense	3,641	3,953
Total expenses	<u>958,946</u>	<u>961,056</u>
Equality of revenue and expenses	<u>\$ -</u>	<u>\$ -</u>

Jewish Child and Family Services

Consolidated Schedules of Activities Years Ended June 30, 2009 and 2008

	2009	2008
Revenue		
Public support		
Allocated by Jewish Federation of Metropolitan Chicago	\$ 9,509,649	\$ 9,430,663
Contributions from other affiliated organizations	510,131	582,340
Other contributions	3,774,457	4,238,262
Legacies and bequests	78,494	291,538
	<u>13,872,731</u>	<u>14,542,803</u>
Program related revenue		
Fees and grants from governmental agencies	13,656,061	14,058,062
Program service fees	2,297,987	2,409,842
	<u>15,954,048</u>	<u>16,467,904</u>
Other revenue		
Interest and dividend income	94,272	247,791
Net losses on Agency investments	(1,915,454)	(615,790)
Endowment Foundation revenue and gains (losses)	(923,414)	49,079
Miscellaneous income, net	74,400	82,325
	<u>(2,670,196)</u>	<u>(236,595)</u>
	<u>27,156,583</u>	<u>30,774,112</u>
Expenses		
Program services		
Counseling and support	14,375,259	14,940,931
Foster care	2,951,810	2,849,769
Residential services	4,476,441	4,398,948
Therapeutic day school	5,003,430	4,516,937
Autism services	1,261,827	1,045,901
Child day care	1,808,363	1,792,264
	<u>29,877,130</u>	<u>29,544,750</u>
Support services - management and general	3,638,367	3,408,434
	<u>33,515,497</u>	<u>32,953,184</u>
Decrease in net assets before other changes	(6,358,914)	(2,179,072)
Other changes in net assets		
Merger expenses	(36,844)	(156,251)
Decrease in net assets	(6,395,758)	(2,335,323)
Net assets		
Beginning of year	<u>25,139,721</u>	<u>27,475,044</u>
End of year	<u>\$ 18,743,963</u>	<u>\$ 25,139,721</u>

Jewish Child and Family Services

**Consolidated Schedules of Functional Expenses and Directly Related Program Services Revenue
Years Ended June 30, 2009 and 2008**

	2009			2008		
	Total Program Services	Supporting Services - Management and General	Total	Total Program Services	Supporting Services - Management and General	Total
Functional expenses						
Salaries	\$ 16,193,740	\$ 1,792,007	\$ 17,985,747	\$ 15,834,360	\$ 1,622,318	\$ 17,456,678
Employee health and retirement benefits and payroll tax	4,530,216	502,720	5,032,936	4,563,680	349,757	4,913,437
	20,723,956	2,294,727	23,018,683	20,398,040	1,972,075	22,370,115
Professional fees and contract service payments	1,351,461	437,188	1,788,649	1,373,514	449,611	1,823,125
Supplies	948,234	89,067	1,037,301	924,520	23,298	947,818
Telephone	211,762	23,877	235,639	225,119	15,995	241,114
Postage and delivery	75,631	9,197	84,828	72,025	8,145	80,170
Occupancy	2,952,393	183,181	3,135,574	2,987,602	156,511	3,144,113
Equipment purchases, rentals, and repairs	194,330	11,780	206,110	147,916	16,045	163,961
Software purchases and maintenance	1,575	214	1,789	-	-	-
Outside printing and art work	125,632	124,752	250,384	161,227	27,090	188,317
Local transportation	484,123	17,378	501,501	457,395	21,308	478,703
Conferences, conventions, meetings and major trips	124,497	25,655	150,152	115,834	24,157	139,991
Subscriptions and reference publications	20,854	4,204	25,058	24,486	2,557	27,043
Specific assistance to individuals	2,453,961	-	2,453,961	2,324,714	-	2,324,714
Membership dues	45,293	12,905	58,198	48,585	38,492	87,077
Miscellaneous expense	83,365	240,926	324,291	202,985	490,450	693,435
	29,797,067	3,475,051	33,272,118	29,463,962	3,245,734	32,709,696
Depreciation	80,063	163,316	243,379	80,788	162,700	243,488
	<u>\$ 29,877,130</u>	<u>\$ 3,638,367</u>	<u>\$ 33,515,497</u>	<u>\$ 29,544,750</u>	<u>\$ 3,408,434</u>	<u>\$ 32,953,184</u>
Directly related program services revenue	\$ 13,656,061	\$ -	\$ 13,656,061	\$ 14,058,062	-	14,058,062
Fees and grants from governmental agencies	2,297,987	-	2,297,987	2,409,842	-	2,409,842
Program service fees	<u>\$ 15,954,048</u>	<u>\$ -</u>	<u>\$ 15,954,048</u>	<u>\$ 16,467,904</u>	<u>\$ -</u>	<u>\$ 16,467,904</u>