

**RUTH RALES JEWISH FAMILY SERVICE OF SOUTH PALM BEACH COUNTY,
INCORPORATED AND AFFILIATE**

Consolidated Financial Statements

August 31, 2010

Robbins and Landino, P.A.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ruth Rales Jewish Family Service of South Palm Beach County, Incorporated and Affiliate
Boca Raton, Florida

We have audited the accompanying consolidated statement of financial position of Ruth Rales Jewish Family Service of South Palm Beach County, Incorporated and Affiliate, as of August 31, 2010, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Ruth Rales Jewish Family Service of South Palm Beach County, Incorporated and Affiliate, as of August 31, 2010, and the consolidated changes in their net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 9, 2011 on our consideration of Ruth Rales Jewish Family Service of South Palm Beach County, Incorporated and Affiliate's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

ROBBINS AND LANDINO, P.A.
Certified Public Accountants

Robbins and Landino, P.A.

Fort Lauderdale, Florida
February 9, 2011

**RUTH RALES JEWISH FAMILY SERVICE OF SOUTH PALM BEACH COUNTY,
INCORPORATED AND AFFILIATE**
Consolidated Statement of Financial Position
August 31, 2010

Assets

Cash and Cash Equivalents	\$ 1,859,719
Program Receivables, Net	10,213
Grant and Other Receivables	368,846
Prepaid Expenses and Other Assets	58,988
Beneficial Interest in Assets Held by Others	3,542,360
Property and Equipment	118,203
Pre-construction Costs	3,450,928
Land	625,197
Total Assets	<u>\$ 10,034,454</u>

Liabilities and Net Assets

Liabilities

Accounts Payable and Accrued Expenses	\$ 135,745
Notes Payable	61,589
Deferred Revenue	20,814
Total Liabilities	<u>218,148</u>

Net Assets

Unrestricted	
Other	1,717,622
Capital Campaign	4,076,125
Total Unrestricted Net Assets	<u>5,793,747</u>

Temporarily Restricted	1,098,142
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Permanently Restricted	<u>2,924,417</u>
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Total Net Assets	<u>9,816,306</u>
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Total Liabilities and Net Assets	<u>\$ 10,034,454</u>
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The accompanying notes are an integral part of these financial statements.

**RUTH RALES JEWISH FAMILY SERVICE OF SOUTH PALM BEACH COUNTY,
INCORPORATED AND AFFILIATE**
Consolidated Statement of Activities
For the Year Ended August 31, 2010

	<u>Unrestricted</u>			<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
	<u>Operating</u>	<u>Capital Campaign</u>	<u>Total</u>			
Support						
Pledges, Grants and Contributions	\$ 1,538,536	\$	\$ 1,538,536	\$ 521,125	\$ (502)	\$ 2,059,159
Fundraising Events	537,675		537,675			537,675
Less: Fundraising Event Expenses	(214,420)		(214,420)			(214,420)
Federation Allocations	1,212,854		1,212,854			1,212,854
Federation Financial Assistance	85,000		85,000			85,000
Contributed Facilities and Services	491,400		491,400			491,400
Net Assets Released from Restrictions	633,962	2,931,571	3,565,533	(3,565,533)		
Total Support	<u>4,285,007</u>	<u>2,931,571</u>	<u>7,216,578</u>	<u>(3,044,408)</u>	<u>(502)</u>	<u>4,171,668</u>
Revenue						
Program Revenue, Net	402,642		402,642			402,642
Investment Income	170,898		170,898	134,394		305,292
Other Revenue	24,948		24,948			24,948
Total Revenue	<u>598,488</u>		<u>598,488</u>	<u>134,394</u>		<u>732,882</u>
Total Support and Revenue	<u>4,883,495</u>	<u>2,931,571</u>	<u>7,815,066</u>	<u>(2,910,014)</u>	<u>(502)</u>	<u>4,904,550</u>
Expenses						
Program Services	3,488,089		3,488,089			3,488,089
General and Administrative	665,016		665,016			665,016
Fundraising	99,962		99,962			99,962
Total Expenses	<u>4,253,067</u>		<u>4,253,067</u>			<u>4,253,067</u>
Change in Net Assets	630,428	2,931,571	3,561,999	(2,910,014)	(502)	651,483
Net Assets - Beginning of Year	<u>1,087,194</u>	<u>1,144,554</u>	<u>2,231,748</u>	<u>4,008,156</u>	<u>2,924,919</u>	<u>9,164,823</u>
Net Assets - End of Year	<u>\$ 1,717,622</u>	<u>\$ 4,076,125</u>	<u>\$ 5,793,747</u>	<u>\$ 1,098,142</u>	<u>\$ 2,924,417</u>	<u>\$ 9,816,306</u>

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

**RUTH RALES JEWISH FAMILY SERVICE OF SOUTH PALM BEACH COUNTY,
INCORPORATED AND AFFILIATE**
Consolidated Statement of Cash Flows
For the Year Ended August 31, 2010

Cash Flows from Operating Activities	
Change in Net Assets	\$ 651,483
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:	
Depreciation	24,097
Net Realized Gain on Assets Held by Others	(9,392)
Net Unrealized Gain on Assets Held by Others	(304,321)
Net Realized Loss on Disposal of Assets	7,990
Changes in Assets and Liabilities:	
Decrease in Program Receivables	5,196
Decrease in Grant and Other Receivables	2,919,732
Decrease in Prepaid Expenses and Other Assets	14,418
Decrease in Beneficial Interest in Assets Held by Others	49,652
Decrease in Accounts Payable and Accrued Expenses	(335,267)
Decrease in Deferred Revenue	(1,406)
Net Cash Flows from Operating Activities	<u>3,022,182</u>
 Cash Flows from Investing Activities	
Proceeds from Sale of Assets	41,900
Purchases of Property and Equipment	(113,180)
Increase in Pre-construction Costs	(2,931,571)
Net Cash Flows from Investing Activities	<u>(3,002,851)</u>
 Cash Flows from Financing Activities	
Proceeds from Notes Payable	69,482
Principal Payments on Notes Payable	(31,794)
Net Cash Flows from Financing Activities	<u>37,688</u>
 Net Change in Cash	 57,019
 Cash and Cash Equivalents, Beginning of Year	 <u>1,802,700</u>
 Cash and Cash Equivalents, End of Year	 <u>\$ 1,859,719</u>
 Supplemental Disclosure of Cash Flow Information:	
Cash Paid During the Year for Interest	<u>\$ 751</u>

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

**RUTH RALES JEWISH FAMILY SERVICE OF SOUTH PALM BEACH COUNTY,
INCORPORATED AND AFFILIATE**
Consolidated Statement of Functional Expenses
For the Year Ended August 31, 2010

	<u>Senior Adult Services</u>	<u>Family and Children Services</u>	<u>Community Services</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Benefits	\$ 491,214	\$ 628,717	\$ 420,245	\$ 1,540,176	\$ 393,918	\$ 59,461	\$ 1,993,555
Occupancy and Other							
Federation Charges	209,869	209,869	223,819	643,557	103,615	27,428	774,600
Financial Aid	377,790		395,182	772,972			772,972
Food	45,907	26	261,407	307,340	1,220		308,560
Other Costs	10,584	4,844	20,746	36,174	74,356	732	111,262
Transportation and Trips	43,506		3,784	47,290			47,290
Telephone and Office	14,957	8,122	9,515	32,594	11,994	2,374	46,962
Consultants	4,088	3,693	5,365	13,146	30,306		43,452
Insurance	7,058	7,058	9,539	23,655	13,517		37,172
Travel and Education	13,067	1,925	3,213	18,205	11,107		29,312
Depreciation	6,024	6,024	6,024	18,072	4,820	1,205	24,097
Printing and Publicity	5,372	4,697	5,044	15,113	2,943	4,722	22,778
Postage and Shipping	3,264	1,209	9,062	13,535	5,131	12	18,678
Dues and Subscriptions	85		50	135	12,089		12,224
Financial Institution Charges	<u>3,021</u>	<u>3,021</u>	<u>83</u>	<u>6,125</u>		<u>4,028</u>	<u>10,153</u>
Total	<u>\$ 1,235,806</u>	<u>\$ 879,205</u>	<u>\$ 1,373,078</u>	<u>\$ 3,488,089</u>	<u>\$ 665,016</u>	<u>\$ 99,962</u>	<u>4,253,067</u>

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

**RUTH RALES JEWISH FAMILY SERVICE OF SOUTH PALM BEACH COUNTY,
INCORPORATED AND AFFILIATE**

Notes to Financial Statements

August 31, 2010

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Organization: Ruth Rales Jewish Family Service of South Palm Beach County, Incorporated and Affiliate, (the "Organization") is a non-profit human services organization formed for the purpose of establishing and conducting programs of private voluntary social services which aid families and individuals of all ages. A comprehensive range of counseling, support, and educational programs are offered for all members of the community in South Palm Beach County, Florida (area of primary service delivery) and elsewhere.

South Palm Beach County Hebrew Free Loan Society, Inc. (the "Affiliate") is a non-profit organization which provides interest-free loans to Jewish residents of South Palm Beach County, Florida who are in need of temporary financial assistance. Any excess net assets of the South Palm Beach County Hebrew Free Loan Society, Inc. are not available for use by Ruth Rales Jewish Family Service of Palm Beach County, Incorporated.

Principles of Consolidation: The financial statements include the accounts of the Organization, all of its funds, and its Affiliate. All significant inter-fund and inter-organization accounts and transactions have been eliminated upon consolidation.

Date of Management's Review: In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 9, 2011, the date that the financial statements were issued.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation: Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted Other: Includes amounts which have no external restrictions and which are available for support of current operations.

Unrestricted Capital Campaign: Includes amounts already expended for the Delray building project.

Temporarily Restricted: Includes amounts which have donor-restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or restrictions that expire by the passage of time.

Permanently Restricted: Includes amounts that are subject to restrictions of the gift instruments requiring in perpetuity that the principal be invested and only the income be used.

**RUTH RALES JEWISH FAMILY SERVICE OF SOUTH PALM BEACH COUNTY,
INCORPORATED AND AFFILIATE**

Notes to Financial Statements
August 31, 2010

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES
(continued)**

Contributions: Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Time-restricted and purpose-restricted contributions are required to be reported as temporarily restricted support. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Contributed Facilities and Services: Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. Contributed facilities are also recorded at their fair value in the period received.

Land, Property and Equipment: Land, property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Federation Allocation: The Jewish Federation of South Palm Beach County, Inc. ("Federation") allocation represents amounts received from the Federation by the Organization for the year ended August 31, 2010. The Federation provides both cash contributions and in-kind contributed facilities and services.

Income Taxes: The Organization and its Affiliate qualify for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code as charitable organizations whereby only unrelated business income, if any, is subject to Federal income tax. Therefore, no provision for income taxes has been made in the accompanying financial statements.

Accounting Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures at the date of the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents: The Organization considers all highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents.

Allowance for Doubtful Accounts: The Organization provides an allowance for program receivables it believes it may not collect in full. A provision for uncollectible fees is recorded as a counter revenue accrual and increases the allowance. Program receivables which are written off the Organization's books decrease the allowance. The amount of uncollectible fees that are recorded each period and the resulting adequacy of the allowance at the end of each period are determined using a combination of the Organization's historical loss experience, a customer-by-customer analysis of the Organization's program receivables each period and subjective assessments of the Organization's future uncollectible fees. At August 31, 2010, the Organization had recorded an allowance for uncollectible fees of \$18,000.

**RUTH RALES JEWISH FAMILY SERVICE OF SOUTH PALM BEACH COUNTY,
INCORPORATED AND AFFILIATE**

Notes to Financial Statements

August 31, 2010

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES
(continued)**

Fair Value of Financial Instruments: Program, grant, and other receivables, prepaid expenses, accounts payable, accrued expenses and deferred revenue are reflected in the financial statements at cost which approximates fair value because of their short-term nature.

Functional Allocation of Expenses: The cost of providing various programs and activities has been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Certain costs have been allocated among the program and supporting services benefited.

Basis of Presentation: The accompanying schedule of expenditures of state financial assistance includes the state grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 691-5, Rules of the Florida Department of Financial Services, Florida Administrative Code. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

2. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization has entrusted the Jewish Community Foundation Fund (the "Foundation") as the investment custodian to manage the endowment funds belonging to the Organization. The Foundation has not been granted any variance power over these funds. The Foundation is owned and controlled by the Jewish Federation of South Palm Beach County, Inc. (the "Federation").

On November 8, 2007, the Federation Board of Directors approved the Federation's participation in the Jewish Federation of Metropolitan Chicago's (the "Chicago Federation") Pooled Investment Portfolio (the "PIP"), and transfer of the investments of the Foundation to the PIP.

On December 14, 2007, an agreement was signed between the Federation and the Chicago Federation regarding the investment of the Foundation's assets through the Federation's purchase of units in the PIP. On December 27, 2007, the Federation transferred funds, including the Organization's funds, to the PIP. Ownership of the funds will remain with the Federation and are liabilities of the Chicago Federation. The Organization's ownership of its proportional interest in the funds remains with the Organization and are liabilities of the Federation. Effective January 2, 2008, the Chicago Federation invested the cash transferred on behalf of the Federation in the PIP. Either the Chicago Federation or the Federation may terminate the agreement in whole or in part upon thirty (30) days written notice to the other party.

Within sixty (60) days of the end of each calendar quarter, the Chicago Federation is to supply the Federation with a quarterly statement showing the value of all PIP investments as of the last calendar day of the quarter, any additions or withdrawals made during the quarter, and the adjusted market value. The PIP quarterly statement also shows the ownership of the Federation's assets stated as a percentage of the total PIP and identifies any realized and unrealized capital gains or losses during the quarter.

**RUTH RALES JEWISH FAMILY SERVICE OF SOUTH PALM BEACH COUNTY,
INCORPORATED AND AFFILIATE**

Notes to Financial Statements

August 31, 2010

2. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (continued)

The Federation received a PIP Quarterly Statement as of June 30, 2010 that reported the investment totals used by the Federation for reporting information as of August 31, 2010, the fiscal year end for both the Federation and the Organization.

As of August 31, 2010, the beneficial interest in assets held by the Foundation included in the statement of financial position was \$3,542,360.

For the year ended August 31, 2010, investment income (loss) was comprised as follows:

Investment Income (Loss) on Funds Held by the Foundation:	
Interest and Dividends	\$ 18,398
Realized Gain	9,392
Unrealized Gain	304,321
Custodial Fees	<u>(28,465)</u>
Total Investment Gain on Funds Held by the Foundation	303,646
Other Interest Income	<u>1,646</u>
Total Investment Income	<u>\$ 305,292</u>

3. PROPERTY AND EQUIPMENT

Property and equipment at August 31, 2010 consists of:

Furniture and Fixtures	\$ 27,514
Computer Equipment	187,548
Vehicles	<u>40,522</u>
	255,584
Less: Accumulated Depreciation	<u>(137,381)</u>
Net Book Value	<u>\$ 118,203</u>

4. NOTES PAYABLE

At August 31, 2010, notes payable in the amount of \$61,589 consisted of non-interest bearing notes due to a finance company in connection with the purchase of equipment and software development. The notes require monthly payments of \$2,887 and mature during the year ended August 31, 2012. The notes are secured by assets with a carrying value of \$69,482.

The aggregate principal payment requirements on the notes payable under the arrangements existing at August 31, 2010 are as follows:

2011	\$ 34,741
2012	<u>26,848</u>
	<u>\$ 61,589</u>

**RUTH RALES JEWISH FAMILY SERVICE OF SOUTH PALM BEACH COUNTY,
INCORPORATED AND AFFILIATE**

Notes to Financial Statements

August 31, 2010

5. TEMPORARILY RESTRICTED NET ASSETS

As of August 31, 2010, temporarily restricted net assets are available for the following purposes:

Capital Campaign	\$ 455,000
Programs	627,642
Fundraising	15,500
	<u>\$ 1,098,142</u>

Net assets were released from restrictions by incurring expenses satisfying the purposes specified by grantors and donors and the occurrence of other events as follows:

Purpose Restriction Accomplished:

Pre-construction Costs	\$ 2,931,571
Operations	21,223
Food Pantry	247,610
Viner Fund – Assistance for Children	238,553
Counseling	20,000
Welcome Home	20,000
Case Management and Holocaust Program	20,000
Expanding Availability of Services for the Elderly	3,147
Family Assistance	7,864
Transportation	7,668
Silverstein Fund – In-Home Assistance for Seniors	19,212
Administrative Fees	11,210
Other Programs	15,898
Volunteer Recognition	1,577
	<u>\$ 3,565,533</u>

6. FLEXIBLE ANNUITY RETIREMENT PLAN

The Organization has a Flexible Annuity Retirement Plan classified as a non-contributory defined contribution plan, which is administered by the Federation. The plan is funded by contributions to an insurance company and covers substantially all of its full time employees who have completed one year of service. Contributions by the Organization are discretionary. There were no contributions to the plan for the year ended August 31, 2010.

7. CONCENTRATION AND CREDIT RISK

The Organization at times has cash in banks in excess of Federal Deposit Insurance Corporation insurance limits. Cash in one institution exceeded this limit by approximately \$397,000 at August 31, 2010.

Approximately 68% of grant and other receivables are due from a foundation at August 31, 2010.

**RUTH RALES JEWISH FAMILY SERVICE OF SOUTH PALM BEACH COUNTY,
INCORPORATED AND AFFILIATE**

Notes to Financial Statements

August 31, 2010

8. COMMITMENTS

The Organization entered into a Community Partnership Agreement with the Federation as of September 1, 2001. The Community Partnership Agreement describes the Federation's and the Organization's rights and responsibilities as a partnership in furthering the welfare of the community of South Palm Beach County, Israel, and the worldwide Jewish population. In addition, the Community Partnership Agreement defines the Marketing and Communications policy; the Multiple Appeals Guidelines, which defines a yearly moratorium on Organization fundraising activities during the Federation's annual campaign (the blackout period); and the disclosure requirements for Organization gifts and bequests.

The Organization also entered into a twenty-five year lease agreement with the Federation commencing September 1, 2001, for the building the Organization occupies located on the Federation's campus. The lease agreement defines the uses and restrictions of the defined premises, the Organization's share of the allocated occupancy cost, cleaning and maintenance, repairs and replacement obligations, liability insurance, as well as other standard items of a property lease agreement. Total costs incurred under this lease agreement were approximately \$731,400 for the year ended August 31, 2010. The Federation provided \$491,400 of these facility costs to the Organization as an in-kind contribution. This in-kind contribution has been allocated to programs and supporting services based upon the relative benefits received. The Federation also provided a cash facility cost rebate of \$120,000.

In July 2009, the Organization moved to a new facility in Delray Beach. This facility is leased on a month-to-month basis for \$2,250 per month.

In April 2007, the Organization entered into a 99-year land lease for \$1 per year for a one-acre parcel in Delray Beach, Florida. The land lease was entered into incidental to an option to purchase the property. In August 2009, the land was purchased for approximately \$625,000. The Organization has also expended approximately \$3,451,000 in pre-construction costs related to the construction of a senior center facility. These costs are included on the statement of financial position as "Pre-construction Costs". The State of Florida provided \$2,000,000 for the construction of a facility under the terms of a Senior Center Fixed Capital Outlay Grant. Under the terms of the grant, the State retains a security interest in the property for its proportionate share of the cost of construction. The State's interest is to be proportionately amortized and subsequently vacated over a 20-year period.

In September 2007, the Organization entered into an operating lease for office equipment for \$595 per month. The lease expires in September 2012.

Future minimum lease payments on the lease at August 31, 2010 are as follows:

2011	\$	7,144
2012		7,144
2013		595
	\$	<u>14,883</u>

Rent expense for the operating lease was \$7,144 for the year ended August 31, 2010.

**RUTH RALES JEWISH FAMILY SERVICE OF SOUTH PALM BEACH COUNTY,
INCORPORATED AND AFFILIATE**

Notes to Financial Statements

August 31, 2010

9. GRANTS

The following grants are included in unrestricted public support and net assets released from restrictions:

Conference on Jewish Material Claims Against Germany	Grant Number	Total Contract	Expenses Through 08/31/10
International Commission on Holocaust Era Insurance Claims (ICHEIC)	IC 11-10960	\$ 50,000	\$ 9,256
International Commission on Holocaust Era Insurance Claims (ICHEIC)	IC 10-10285	\$ 50,000	\$ 50,000
In-Home Service Program (additional)	GG 9-11004	\$ 27,749	\$ 27,749
In-Home Service Program (additional)	GG 10-11314	\$ 77,858	\$ 77,858
Home Care Services for the Physically and Financially Vulnerable	GG 11-11476	\$ 35,836	\$ 33,704
Café Europa	SC 31-9649	\$ 7,000	\$ 7,000
Hungarian Gold Train Special Fund	HGTS-10324	\$ 4,703	\$ 4,703
Emergency Assistance for Hungarian Victims	HGF 1-10828	\$ 28,772	\$ 4,862
Hungarian Gold Train 2010	HGT 5-9703	\$ 15,196	\$ 9,560
Holocaust Victims Asset Litigation (Swiss Banks) 2009	SW 10-9361	\$ 13,778	\$ 13,778
Holocaust Victims Asset Litigation (Swiss Banks) 2010	SW 11-9362	\$ 13,778	\$ 10,681
Essential Social Services to Elderly 2010	SO 31-9759	\$ 150,000	\$ 14,823
Essential Social Services to Elderly 2009	SO 30-9758	\$ 150,000	\$ 150,000

The Organization has complied with the provisions of the grants. The grant funds were expended exclusively for the purpose for which they were granted.

**RUTH RALES JEWISH FAMILY SERVICE OF SOUTH PALM BEACH COUNTY,
INCORPORATED AND AFFILIATE**

Notes to Financial Statements

August 31, 2010

10. FAIR VALUE MEASUREMENTS

On September 1, 2008, the Organization adopted Financial Accounting Standards Board Accounting Standards Codification 820 ("ASC 820"), Fair Value Measurements, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

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

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

Following is a description of the valuation methodology used for assets and liabilities measured at fair value on a recurring basis:

Beneficial Interest Assets Held by Others: The prorated value of the beneficial interest in the investments held by others is determined by the investment fund manager of the organization holding the assets. The composition of the assets held by the Foundation are invested pursuant to its governing instruments and valued accordingly.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**RUTH RALES JEWISH FAMILY SERVICE OF SOUTH PALM BEACH COUNTY,
INCORPORATED AND AFFILIATE**

Notes to Financial Statements

August 31, 2010

10. FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of August 31, 2010:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets				
Beneficial Interest in Assets				
Held by Others	\$ 3,542,360	\$	\$	\$ 3,542,360
Total Assets at Fair Value	<u>\$ 3,542,360</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,542,360</u>

Level 3 Gains and Losses

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the year ended August 31, 2010:

	<u>Level 3 Assets</u> <u>Beneficial Interest</u> <u>in Assets Held by Others</u>
Balance, beginning of year	\$ 3,278,299
Pledges, Grants and Contributions	229,996
Investment gain included in change in net assets	303,646
Distributions	(269,581)
Balance, end of year	<u>\$ 3,542,360</u>

The amount of total gains and losses for the period included in the change in net assets attributed to the change in unrealized gain relating to assets still held at the reporting date was \$304,321.

Changes in the fair value of the Organization's Level 3 assets for the period are reported in the statement of activities as follows:

Pledges, Grants and Contributions	<u>\$ 229,996</u>
Investment Gain	<u>\$ 303,646</u>

11. DONOR-DESIGNATED ENDOWMENTS (UMIFA STATE)

Implementation of FSP FAS 117-1

In August 2008, the Financial Accounting Standards Board issued FASB Staff 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"). FSP FAS 117-1 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FSP FAS 117-1 also requires additional disclosures about the organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA.

**RUTH RALES JEWISH FAMILY SERVICE OF SOUTH PALM BEACH COUNTY,
INCORPORATED AND AFFILIATE**

Notes to Financial Statements

August 31, 2010

11. DONOR-DESIGNATED ENDOWMENTS (UMIFA STATE) (continued)

The State of Florida has not enacted UPMIFA. The Organization follows the Uniform Management of Institutional Funds Act of 1972 (UMIFA) and its own governing documents. The Organization has adopted FSP FAS 117-1 for the year ending August 31, 2010. The Board of Directors has determined that the Organization's permanently restricted net assets meet the definition of endowment funds under UMIFA.

UMIFA requires the historical dollar amount of a donor-restricted endowment fund to be preserved. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under UMIFA. The Organization's donors have not placed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds.

Endowment Investment and Spending Policies: The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to maintain over a long period of time, a continuing and increasing stream of funding to support its programs. The Organization's investment and spending policies work together to achieve this objective.

The investment policy accomplishes this objective by:

- Strategically allocating investments among and within asset classes and investment styles in order to enhance investment returns and manage risk.
- Sufficiently diversify investments to reduce volatility.
- Evaluating the performance of the investment program with a time horizon that is long-term, consistent with the asset class.

The Organization will attempt to balance its shorter-term budget process with its goal to preserve principal and its purchasing power in perpetuity by designing a spending policy which is flexible and is based on investment results. For funds held by The Jewish Community Foundation Fund (the "Foundation" see Note 2), the spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds, for grant making and administration. The current spending policy is to distribute an amount at least equal to 5% of the fair value of the endowment funds. This policy is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through investment return.

Endowment net asset composition by type of fund as of August 31, 2010 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted Endowment Funds	\$ _____	\$ 254,396	\$ 2,924,417	\$ 3,178,813
Total Funds	<u>\$ _____</u>	<u>\$ 254,396</u>	<u>\$ 2,924,417</u>	<u>\$ 3,178,813</u>

**RUTH RALES JEWISH FAMILY SERVICE OF SOUTH PALM BEACH COUNTY,
INCORPORATED AND AFFILIATE**
Notes to Financial Statements
August 31, 2010

11. DONOR-DESIGNATED ENDOWMENTS (UMIFA STATE) (continued)

Changes in endowment net assets for the year ended August 31, 2010 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ _____	\$ 152,324	\$ 2,924,919	\$ 3,077,243
Investment return:				
Investment income	10,992	7,057		18,049
Realized gain	6,664	2,178		8,842
Unrealized gain	176,535	121,433		297,968
Custodian fee	<u>(16,442)</u>	<u>(10,682)</u>		<u>(27,124)</u>
Total Investment Return	<u>177,749</u>	<u>119,986</u>		<u>297,735</u>
Appropriation of endowment net assets for expenditures	(177,749)			(177,749)
Distributions		(22,094)		(22,094)
Adjustments		4,180	(502)	3,678
	<u>(177,749)</u>	<u>(17,914)</u>	<u>(502)</u>	<u>(196,165)</u>
Endowment net assets, end of year	\$ _____	\$ 254,396	\$ 2,924,417	\$ 3,178,813

Fiscal Years Ended August 31:
2009 2010

Permanently Restricted Net Assets

The portion of perpetual endowment funds that is required to be retained permanently by explicit donor stipulation

\$ 2,924,919 \$ 2,924,417

Total endowment funds classified as permanently restricted net assets

\$ 2,924,919 \$ 2,924,417

Temporarily Restricted Net Assets

The portion of temporarily restricted net assets with a purpose restriction

\$ 152,324 \$ 254,396

Total endowment funds classified as temporarily restricted net assets

\$ 152,324 \$ 254,396

**RUTH RALES JEWISH FAMILY SERVICE OF SOUTH PALM BEACH COUNTY,
INCORPORATED AND AFFILIATE**
Notes to Financial Statements
August 31, 2010

12. CONTRIBUTED FACILITIES AND SERVICES

The Federation provides office space to the Organization at a subsidized cost. The fair market value of the facilities used and related support services provided by the Federation are estimated at \$491,400 and has been allocated to programs and supporting services as follows:

Revenue:	
Facility Charges	\$ 334,900
Rent	117,000
Other Administrative Charges	<u>39,500</u>
	<u>\$ 491,400</u>
Expenses:	
Programs	\$ 403,341
General and Administrative	69,631
Fundraising	<u>18,428</u>
	<u>\$ 491,400</u>

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INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

Board of Directors
Ruth Rales Jewish Family Service of South Palm Beach County, Incorporated and Affiliate
Fort Lauderdale, Florida

Our report on our audit of the basic financial statements of Ruth Rales Jewish Family Service of South Palm Beach County, Incorporated and Affiliate for August 31, 2010, appears on page one. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by Florida State Statute 215.97(4). This schedule is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ROBBINS AND LANDINO, P.A.
Certified Public Accountants

Robbins and Landino, P.A.

Fort Lauderdale, Florida
February 9, 2011

**RUTH RALES JEWISH FAMILY SERVICE OF SOUTH PALM BEACH COUNTY,
INCORPORATED AND AFFILIATE**
Schedule of State Financial Assistance
For the Year Ended August 31, 2010

<u>State Agency/Pass-through Entity</u>	<u>CSFA Number</u>	<u>Contract/ Grant Number</u>	<u>Expenditures</u>
<u>Direct Projects</u>			
Florida Department of Elder Affairs	65.013	XQ891	\$ 1,582,958*
Florida Department of Elder Affairs:			
Area Agency on Aging	65.001	IH009-9625	68,009
Area Agency on Aging	65.009	IL010-9625	14,805
Florida Department of Financial Services	43.003	DO1991311	<u>46,189</u>
Total Expenditures of State Financial Assistance			<u>\$ 1,711,961</u>

* Denotes Major Project.

See auditor's report on additional information.

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

Board of Directors

Ruth Rales Jewish Family Service of South Palm Beach County, Incorporated and Affiliate

We have audited the financial statements of Ruth Rales Jewish Family Service of South Palm Beach County, Incorporated and Affiliate as of and for the year ended August 31, 2010 and have issued our report thereon dated February 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ruth Rales Jewish Family Service of South Palm Beach County, Incorporated and Affiliate 's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ruth Rales Jewish Family Service of South Palm Beach County, Incorporated and Affiliate 's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS
(continued)**

Compliance and Other Matters

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

This report is intended solely for the information and use of management, audit committee and awarding agencies and is not intended to be and should not be used by anyone other than these specific parties.

ROBBINS and LANDINO, P.A.
Certified Public Accountants

Robbins and Landino, P.A.

Fort Lauderdale, Florida
February 9, 2011

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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE
APPLICABLE TO EACH MAJOR STATE PROJECT**

Board of Directors
Ruth Rales Jewish Family Service of South Palm Beach County, Incorporated and Affiliate

Compliance

We have audited the compliance of Ruth Rales Jewish Family Service of South Palm Beach County, Incorporated and Affiliate with the types of compliance requirements described in the Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major state projects for the year ended August 31, 2010. Ruth Rales Jewish Family Service of South Palm Beach County, Incorporated and Affiliate's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements referred to above is the responsibility of Ruth Rales Jewish Family Service of South Palm Beach County, Incorporated and Affiliate's management. Our responsibility is to express an opinion on Ruth Rales Jewish Family Service of South Palm Beach County, Incorporated and Affiliate's compliance based on our audit.

We conducted our audit of accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and State of Florida Chapter 10.650, Rules of the Auditor General. Those standards, and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project identified in the accompanying schedule of findings and questioned costs occurred. An audit includes examining, on a test basis, evidence about Ruth Rales Jewish Family Service of South Palm Beach County, Incorporated and Affiliate's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Ruth Rales Jewish Family Service of South Palm Beach County, Incorporated and Affiliate's compliance with those requirements.

In our opinion, the Ruth Rales Jewish Family Service of South Palm Beach County, Incorporated and Affiliate complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major state projects identified in the accompanying schedule of findings and questioned costs for the year ended August 31, 2010.

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE
APPLICABLE TO EACH MAJOR STATE PROJECT
(continued)**

Internal Control Over Compliance

Management of Ruth Rales Jewish Family Service of South Palm Beach County, Incorporated and Affiliate is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered Ruth Rales Jewish Family Service of South Palm Beach County, Incorporated and Affiliate's internal control over compliance with the requirements that could have a direct and material effect on a major state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ruth Rales Jewish Family Service of South Palm Beach County, Incorporated and Affiliate's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the audit committee, management, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

ROBBINS and LANDINO, P.A.
Certified Public Accountants

Robbins and Landino, P.A.

Fort Lauderdale, Florida
February 9, 2011

**RUTH RALES JEWISH FAMILY SERVICE OF SOUTH PALM BEACH COUNTY,
INCORPORATED AND AFFILIATE**
Schedule of Findings and Questioned Costs – Major State Projects
For the Year Ended August 31, 2010

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the (general purpose) financial statements of Ruth Rales Jewish Family Service of South Palm Beach County, Incorporated and Affiliate.
2. No significant deficiencies relating to the audit of the financial statements are reported in the report on internal control over financial reporting and other matters based on an audit of financial statements performed in accordance with government auditing standards.
3. No instances of noncompliance material to the financial statements of Ruth Rales Jewish Family Service of South Palm Beach County, Incorporated and Affiliate were disclosed during the audit.
4. No significant deficiencies in internal control over major state projects were disclosed during the audit.
5. The auditor's report on compliance for the major state projects for Ruth Rales Jewish Family Service of South Palm Beach County, Incorporated and Affiliate expresses an unqualified opinion.
6. No audit findings were disclosed that are required to be reported in accordance with Chapter 10.656, State of Florida, Rules of the Auditor General.
7. The programs tested as major state projects included the following:

Florida Department of Elder Affairs
CSFA #65.013
8. The threshold used for distinguishing between Type A and B projects was \$300,000.

FINDINGS - FINANCIAL STATEMENT AUDIT

None

FINDINGS – MAJOR STATE PROJECTS

None

OTHER ISSUES

1. No management letter was required as there were no findings required to be reported in the management letter.
2. There is no Summary Schedule of Prior Audit Findings as there were no prior audit findings related to Major State Projects.
3. There is no Corrective Action Plan as there were no findings required to be reported under the Florida Single Audit Act.