

**Jewish Association for
Services for the Aged
and Affiliate**

Combined Financial Statements
Year Ended June 30, 2009



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and Affiliate**

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Jewish Association for Services for the Aged and Affiliate

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Independent Auditors' Report

The Board of Directors
Jewish Association for Services for the Aged and Affiliate
New York, New York

We have audited the accompanying combined statement of financial position of Jewish Association for Services for the Aged and Affiliate (the "Organization") as of June 30, 2009, and the related combined statements of activities, functional expenses, and cash flows 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 did not audit the financial statements of limited liability investment companies which represent approximately 10% of the Organization's total net assets as of June 30, 2009. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the investments in these investment partnerships and investment companies, is based solely on the reports of the other auditors. Information for the year ended June 30, 2008 is presented for comparative purposes only and was extracted from the combined financial statements of Jewish Association for Services for the Aged and Affiliate for that year on which we expressed an unqualified opinion, dated November 24, 2008, except for Note 16, as to which the date is March 2, 2009.

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 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Jewish Association for Services for the Aged and Affiliate as of June 30, 2009, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

BDO Seidman, LLP

October 14, 2009

Jewish Association for Services for the Aged and Affiliate

Combined Statement of Financial Position (with comparative totals for 2008)

<i>June 30,</i>	2009	2008
Assets		
Cash and cash equivalents (Note 3)	\$ 748,706	\$ 712,038
Investments at market or fair value (Notes 3 and 5)	5,258,607	3,209,730
Investments in limited liability investment companies (Notes 3 and 4)	940,216	4,499,176
Accounts receivable (net of allowance for doubtful accounts of \$73,355 for 2009 and 2008, respectively) (Note 3)	1,244,607	1,093,252
Due from governmental agencies (Note 3)	2,425,898	2,410,687
Pledges receivable, net (Notes 3 and 7)	197,788	466,993
Due from affiliates, net (Note 9)	3,317,497	4,148,961
Prepaid expenses and other assets	485,550	605,455
Fixed assets, net (Notes 3 and 8)	455,460	690,144
Assets held for others	219,068	195,137
Assets held for Guardianship clients (Note 3)	10,687,959	11,227,279
	\$25,981,356	\$29,258,852
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,886,286	\$ 3,448,139
Accrued payroll and payroll taxes	1,166,267	1,054,055
Due to affiliates (Note 9)	-	45,581
Refundable advances and other liabilities	769,869	444,426
Line of credit (Note 11)	600,000	-
Loans payable	-	286,477
Due to others	219,068	195,137
Due to Guardianship clients (Note 3)	10,687,959	11,227,279
Total liabilities	16,329,449	16,701,094
Commitments and contingencies (Notes 11 and 12)		
Net assets (Notes 3, 4, 13, 14 and 15):		
Unrestricted - general	1,696,216	2,988,873
Unrestricted - board designated	5,896,958	7,548,811
Temporarily restricted	824,389	848,881
Permanently restricted	1,234,344	1,171,193
Total net assets	9,651,907	12,557,758
	\$25,981,356	\$29,258,852

See accompanying notes to combined financial statements.

Jewish Association for Services for the Aged and Affiliate

Combined Statement of Activities (with comparative totals for 2008)

Year ended June 30,

	Unrestricted – general	Unrestricted – board designated	Total unrestricted	Temporarily restricted	Permanently restricted	Total	
						2009	2008
Support and revenue:							
Government support	\$28,128,081	\$ -	\$28,128,081	\$ -	\$ -	\$28,128,081	\$26,275,015
Meals on Wheels grants	906,827	-	906,827	-	-	906,827	650,492
UJA - Federation of New York grants	2,705,269	-	2,705,269	-	-	2,705,269	2,534,335
Contributions (Note 3)	1,063,405	-	1,063,405	775,747	75,000	1,914,152	1,506,190
Legacies and bequests	136,000	-	136,000	-	-	136,000	137,592
United Way contributions	24,680	-	24,680	-	-	24,680	31,654
Program services fees	2,991,100	-	2,991,100	-	-	2,991,100	2,802,859
Client fees	820,200	-	820,200	-	-	820,200	750,823
Housing management fees (Note 9)	1,302,818	-	1,302,818	-	-	1,302,818	1,331,591
Investment income (loss)	9,776	(1,429,546)	(1,419,770)	604	(207,377)	(1,626,543)	(199,344)
Investment (loss) income from limited liability investment companies	-	(624,168)	(624,168)	-	(90,611)	(714,779)	(292,215)
Miscellaneous income	166,583	-	166,583	-	-	166,583	160,083
Net assets released from restrictions (Note 14)	812,843	-	812,843	(800,843)	(12,000)	-	-
Total support and revenue	39,067,582	(2,053,714)	37,013,868	(24,492)	(234,988)	36,754,388	35,689,075
Expenses:							
Program services	35,120,188	-	35,120,188	-	-	35,120,188	32,436,476
Supporting services:							
Management and general	4,290,388	-	4,290,388	-	-	4,290,388	3,937,670
Fundraising	418,091	-	418,091	-	-	418,091	350,645
Total supporting services	4,708,479	-	4,708,479	-	-	4,708,479	4,288,315
Total expenses	39,828,667	-	39,828,667	-	-	39,828,667	36,724,791
Surplus (deficit) from operations before net revenue from special events and other changes	(761,085)	(2,053,714)	(2,814,799)	(24,492)	(234,988)	(3,074,279)	(1,035,716)
Net revenue from special events:							
Special events revenue	234,634	-	234,634	-	-	234,634	301,717
Direct cost to donors	(66,206)	-	(66,206)	-	-	(66,206)	(78,855)
Net revenue from special events	168,428	-	168,428	-	-	168,428	222,862
Change in net assets before other changes	(592,657)	(2,053,714)	(2,646,371)	(24,492)	(234,988)	(2,905,851)	(812,854)
Other changes:							
Loss on theft (Note 4)	-	-	-	-	-	-	(3,552,831)
Transfers of net assets (Note 13)	(700,000)	401,861	(298,139)	-	298,139	-	-
Total other changes	(700,000)	401,861	(298,139)	-	298,139	-	(3,552,831)
Change in net assets	(1,292,657)	(1,651,853)	(2,944,510)	(24,492)	63,151	(2,905,851)	(4,365,685)
Net assets, beginning of year	2,988,873	7,548,811	10,537,684	848,881	1,171,193	12,557,758	16,923,443
Net assets, end of year	\$ 1,696,216	\$ 5,896,958	\$ 7,593,174	\$ 824,389	\$1,234,344	\$ 9,651,907	\$12,557,758

See accompanying notes to combined financial statements.

Jewish Association for Services for the Aged and Affiliate

Combined Statement of Functional Expenses (with comparative totals for 2008)

Year ended June 30,

	Program services	Supporting services			2009 Total	2008 Total
		Management and general	Fundraising	Total		
Salaries and related expenses:						
Salaries	\$18,320,126	\$2,781,588	\$237,948	\$3,019,536	\$21,339,662	\$18,432,788
Payroll taxes and fringe benefits	4,509,271	584,367	45,170	629,537	5,138,808	4,487,205
Total salaries and related expenses	22,829,397	3,365,955	283,118	3,649,073	26,478,470	22,919,993
Other expenses:						
Professional fees	1,275,266	77,057	85,503	162,560	1,437,826	1,577,482
Occupancy (rent, office maintenance and office repairs)	2,895,210	161,212	11,121	172,333	3,067,543	2,874,082
Equipment repairs and maintenance	99,316	31,669	-	31,669	130,985	115,811
Telephone	466,732	29,090	1,042	30,132	496,864	440,289
Utilities	265,017	19,462	1,220	20,682	285,699	300,303
Postage	95,768	15,422	5,983	21,405	117,173	142,138
Insurance	436,352	73,955	2,745	76,700	513,052	590,972
Dues and subscriptions	13,024	12,275	574	12,849	25,873	40,077
Advertising	99,110	3,045	4,204	7,249	106,359	222,185
Program and office supplies	730,301	45,990	4,453	50,443	780,744	1,569,234
Staff development	81,638	41,177	1,681	42,858	124,496	165,092
Client services	1,384,543	-	-	-	1,384,543	1,616,669
Food	3,719,990	-	-	-	3,719,990	2,887,578
Transportation expenses	218,124	4,268	-	4,268	222,392	234,803
Interest expense	-	2,816	-	2,816	2,816	9,468
Printing and copying	234,343	13,503	15,455	28,958	263,301	243,047
Travel	213,013	15,853	49	15,902	228,915	258,024
Miscellaneous	63,044	71,755	943	72,698	135,742	265,263
Total expenses before depreciation and amortization	35,120,188	3,984,504	418,091	4,402,595	39,522,783	36,472,510
Depreciation and amortization	-	305,884	-	305,884	305,884	252,281
Total expenses	\$35,120,188	\$4,290,388	\$418,091	\$4,708,479	\$39,828,667	\$36,724,791

See accompanying notes to combined financial statements.

Jewish Association for Services for the Aged and Affiliate

Combined Statement of Cash Flows (with comparative totals for 2008)

<i>Year ended June 30,</i>	2009	2008
Cash flows from operating activities:		
Change in net assets	\$(2,905,851)	\$(4,365,685)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	305,884	252,281
Change in present value of pledges receivable	(3,885)	1,392
Permanently restricted contributions, net of releases	(63,151)	-
Realized (gain) loss on investments	697,680	(178,273)
Unrealized loss on investments	1,643,642	669,832
Donated securities	(12,564)	(25,335)
Loss on theft on non-cash items	-	3,530,379
(Increase) decrease in:		
Accounts receivable	(151,355)	(163,197)
Due from governmental agencies	(15,211)	127,003
Pledges receivable	273,090	140,125
Due from affiliates	831,464	524,808
Prepaid expenses and other assets	119,905	(514,896)
Assets held for others	(23,931)	(16,149)
Assets held for Guardianship clients	539,320	1,324,029
Increase (decrease) in:		
Accounts payable and accrued expenses	(561,853)	647,832
Accrued payroll and payroll taxes	112,212	230,612
Due to affiliates	(45,581)	(154,992)
Refundable advances and other liabilities	325,443	58,521
Due to others	23,931	16,149
Due to Guardianship clients	(539,320)	(1,324,029)
Net cash provided by operating activities	549,869	780,407
Cash flows from investing activities:		
Purchases of investments	(5,896,385)	(839,687)
Proceeds from sale of investments	5,077,710	1,522,767
Purchase of fixed assets	(71,200)	(375,109)
Net cash provided by (used in) investing activities	(889,875)	307,971
Cash flows from financing activities:		
Proceeds from loan payable	-	286,477
Repayments of loan payable	(286,477)	-
Proceeds from line of credit	600,000	-
Payments on line of credit	-	(1,300,000)
Proceeds from permanently restricted contributions, net of releases	63,151	-
Net cash provided by (used in) financing activities	376,674	(1,013,523)
Net increase in cash and cash equivalents	36,668	74,855
Cash and cash equivalents, beginning of year	712,038	637,183
Cash and cash equivalents, end of year	\$ 748,706	\$ 712,038
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 2,816	\$ 15,098

See accompanying notes to combined financial statements.

Jewish Association for Services for the Aged and Affiliate

Notes to Combined Financial Statements

- 1. Principles of Combination**

The accompanying combined financial statements include Jewish Association for Services for the Aged and JASA Housing Management Services for the Aged, Inc. which are related through common board membership.
- 2. Nature of the Organization**

The accompanying combined financial statements include the financial position, change in net assets and cash flows of the Jewish Association for Services for the Aged and JASA Housing Management Services for the Aged, Inc., both of which are described below. As used herein, the term “Organization” refers to both of these entities collectively. All significant interorganizational transactions and balances have been eliminated.

Jewish Association for Services for the Aged was organized in 1968 by the United Jewish Appeal-Federation of Jewish Philanthropies of New York, Inc. (“UJA-Federation”) to provide comprehensive social services to the elderly of New York City and Nassau and Suffolk Counties. The primary emphasis of the Organization is to fill the unmet needs of the elderly through programs designed to help them continue to function with dignity and autonomy in their homes and community. The problems of the elderly – of older persons of different backgrounds, unique situations and broad ranges of needs – continue to require a coordinated, concerted effort. The Organization assists individuals and their families, organizes groups, and maintains training programs for social work, inter-generational programs, a volunteer program for services to the aged and an advocacy program to educate the elderly about issues of interest to them.

JASA Housing Management Services for the Aged, Inc. (“JHM”) is a not-for-profit corporation incorporated in the State of New York which develops and manages housing facilities for the aged and disabled. JHM has been a wholly-owned subsidiary of the Organization from inception.

Jewish Association for Services for the Aged and Affiliate

Notes to Combined Financial Statements

3. Summary of Significant Accounting Policies

(a) *Basis of Presentation*

The combined financial statements of the Organization have been prepared on the accrual basis. In the statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

(b) *Financial Statement Presentation*

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

Income from investment gains and losses, including unrealized gains and losses, dividends, interest and other investments should be reported as increases (or decreases) in unrestricted net assets unless the use of the income received is limited by donor-imposed restrictions.

These classes are defined as follows:

- (i) **Permanently Restricted** - Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Jewish Association for Services for the Aged and Affiliate

Notes to Combined Financial Statements

- (ii) **Temporarily Restricted** - Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.
 - (iii) **Unrestricted – General** - The part of net assets that is neither permanently nor temporarily restricted by donor or board-imposed stipulations. The unrestricted net assets are used to account for all resources over which the Board of Directors has discretionary control.
 - (iv) **Unrestricted – Board Designated** – Net assets consist of all monies or assets contributed to the Organization, which are designated for future operations by the Board of Directors of the Organization.
- (c) *Cash and Cash Equivalents*
- The Organization considers all highly liquid investments with a maturity of three months or less when purchased or assets whose use is limited to be cash equivalents. Cash and cash equivalents consist of cash invested with major U.S. banks and include certificates of deposit, money market funds and investment sweep accounts.
- (d) *Assets Held for Guardianship Clients*
- Assets held for guardianship clients include funds held by the Organization in its capacity as Guardian, by appointment of the Supreme Court of the State of New York, and as representative payee with power of attorney for numerous elderly persons (“Guardianship clients”). Disbursements are made as of a court mandate requiring the Organization to pay all expenditures on behalf of the Guardianship clients.

Jewish Association for Services for the Aged and Affiliate

Notes to Combined Financial Statements

(e) *Investments at Market or Fair Value*

Investments in certificates of deposit with a maturity of more than three months with readily determinable fair values and investments in debt securities are stated at their fair values in the statement of financial position. Net realized gains and losses and net change in unrealized gains and losses for the period are shown in the statement of activities.

(f) *Investments in Limited Liability Investment Companies*

The Organization's investments in limited liability investment companies ("investment entities") are stated at fair value. Income is recorded on a monthly basis upon receipt of reports submitted by the investment entities.

Investment entities are selected by the Investment Committee which receives offering documents and performance history of each investment manager. The Investment Committee interviews the manager to determine whether the investment philosophy (particularly with respect to risk) and strategies of the investment entities are in the best interests of the Organization. Only after the Investment Committee makes a positive recommendation does the Organization invest in an investment entity. In addition, the actions of the Investment Committee are subject to review and approval by the Board of Directors of the Organization.

(g) *Fair Value Measurements*

On July 1, 2008, the Organization adopted Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements". This statement defines fair value and establishes a hierarchy for inputs used in measuring fair value that maximized the use of observable inputs and minimized the use of unobservable inputs, requiring that

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Notes to Combined Financial Statements

inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as the Organization would use in pricing the Organization's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that can not be sourced from a broad active market in which assets or liabilities identical or similar to those of the Organization are traded. The Organization estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets would use as determined by the money managers for each investment based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable as follows:

Level 1 – Valuation based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Examples include equity that is actively traded on a major exchange.

Level 2 - Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date. Most debt securities, preferred stocks, certain equity securities, short-term investments and derivatives are model priced using observable inputs and are classified with Level 2.

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Level 3 – Valuation based on inputs that are unobservable and reflect management’s best estimate of what market participants would use as fair value. Examples include limited partnerships and private equity investments, and limited liability investment companies.

(h) Allowance for Doubtful Accounts

The Organization provides an allowance for doubtful accounts for receivables which are specifically identified by management as to their uncertainty in regards to collectibility.

(i) Pledges Receivable

Unconditional promises to give are recognized as contribution revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received and are classified as either unrestricted, temporarily restricted, or permanently restricted support. Promises to give are recorded at net realizable value if expected to be collected in one year. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of these estimated future cash flows (see Note 6).

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value. At June 30, 2009, it has been determined by management that an allowance for uncollectible pledges is not necessary.

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Notes to Combined Financial Statements

(j) *Third-party Reimbursements and Revenue Recognition*

The Organization receives substantially all its revenue for services provided to approved clients from third-party reimbursement agencies; primarily Department for the Aging (“DFTA”) and the Human Resources Administration (“HRA”), and other additional government agencies. The income from these agencies is recognized when expenses are incurred under approved contracts. These contracts are primarily budget based and revenue is determined by allowable expenditures in contract periods. Costs are subject to audit by third-party payors and changes, if any, are recognized in the year known.

Revenue is recognized as earned from third parties and when received or pledged for contributions, special events and fundraising activities.

(k) *Fixed Assets*

The cost of fixed assets is depreciated over the estimated useful lives of the assets using the straight-line method. Leasehold and building improvements are amortized over the lesser of the life of the lease or asset.

Equipment purchases are capitalized if the cost, or fair value at date of donation, is \$5,000 or more and the useful life is greater than one year. The cost of equipment and leasehold improvements financed by government funding sources is expensed when incurred if the contractual agreement specifies that title to these assets rests with the governmental funding source rather than the Organization. The estimated useful lives of the assets are as follows:

Computer equipment	3 years
Furniture and equipment	10 years

Leasehold improvements are amortized over the term of the lease or the life of the improvement, whichever is less.

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(l) *Income Taxes*

The Organization was incorporated in the State of New York and is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying combined financial statements. The Jewish Association for Services for the Aged has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended June 30, 2009.

JHM was incorporated in the State of New York. In March 2006, JHM filed an Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code which was granted from the Internal Revenue Service in December 2006. There was no unrelated business income for the year ended June 30, 2009.

(m) *Use of Estimates*

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates.

(n) *Functional Allocation of Expenses*

The cost of providing the various programs and other activities have been summarized on an individual basis in the statement of activities. Accordingly, certain costs have been allocated to the programs and supporting services benefited.

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(o) *Concentration of Credit Risk*

Financial instruments which potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalents. At various times, the Organization has cash deposits at financial institutions, which exceed the Federal Depository Insurance Corporation (“FDIC”) insurance limits.

(p) *Comparative Financial Information*

The combined financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the prior year financial statements from which the summarized information was derived. With respect to the statement of activities, the prior year information is not presented by net asset class. With respect to the statement of functional expenses, the prior year expenses by expense classification are presented in total rather than functional category.

(q) *Reclassifications*

Certain prior year balances have been reclassified to be consistent with the current year financial statement presentation. The reclassifications have no impact on the change in net assets.

(r) *Net Asset Classification*

In August 2008, the FASB issued SFAS No. 117-1 (“FSP No. 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 (“UPMIFA”), and Enhanced Disclosures for All Endowment Funds”. This statement is intended to improve the quality and consistency of financial reporting of endowments held by not-for-profit organizations. This statement provides guidance on

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classifying the net assets (equity) associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. The statement is effective for all fiscal years ending after December 15, 2008. Effective July 1, 2008, the Organization adopted FSP No.117-1. See Note 12 for further discussion of the Organization's board designated and permanently restricted donor funds.

(s) *Accounting for Uncertainty in Income Taxes*

The Organization adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48") on July 1, 2008. Under FIN 48, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained upon examination by a taxing authority. The implementation of FIN 48 had no impact on the Organization's combined financial statements. The Organization does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. No interest or penalty was accrued as of July 1, 2008 as a result of the adoption of FIN 48. For the year ended June 30, 2009, there was no interest or penalties recorded or included in the combined statement of activities.

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Notes to Combined Financial Statements

**4. Investments in
Limited Liability
Investment
Companies**

As of June 30, 2009 and 2008, \$940,216 (13%) and \$4,499,175 (34%), respectively, of the Organization's investment portfolio consisted of interests in limited liability investment companies, which are engaged in a variety of investment strategies. Losses generated from these investments consisted of \$1,467,810 and \$291,916 of unrealized losses and \$753,031 and \$(299) of realized gains (losses) as of June 30, 2009 and 2008, respectively.

These investment entities invest in various domestic and international types of securities and derivative financial instruments. Redemptions of the Organization's investments in these investment entities vary, but are primarily available at month-end, quarter-end, or year-end with appropriate notice. Management fees and incentive fees are charged by these investment entities at an annual rate ranging from .5% to 1.5% plus an incentive allocation, usually 20% of profits.

There can be no assurance that the Organization will continue to achieve the same level of returns on its investments in limited liability investment companies that it has received during the past periods or that it will achieve any returns on such investments at all. In addition, there can be no assurance that the Organization will receive a return of all or any portion of its current or future capital investments in limited liability investment companies. In general, risks associated with such investments include those related to their underlying investments.

On December 12, 2008, a massive financial fraud was reported through many various media sources related to Bernard L. Madoff through his investment company, the Bernard L. Madoff Investment Securities LLC ("Madoff"). Madoff was a part of the largest ponzi scheme in history and has misappropriated approximately \$50 billion of its investors' funds. As of June 30, 2008, the Organization's investments with Madoff had a carrying value in the amount of \$4,006,892, which included \$22,452 of cash equivalents as well as net realized/unrealized gains of \$454,061.

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The Organization decided to write off the entire carrying value of the Madoff investments and the investment income as a loss on theft. This loss was recorded in the Organization's 2008 financial statements.

While the Madoff fraud case continues to evolve, its final outcome and recoverability of funds, if any, by its investors is still uncertain. The Organization is currently seeking legal advice as to any further actions that it may take to recover some of its assets either from the trustee for the Madoff bankruptcy and/or from any recovery that the Organization may be eligible to receive from the SIPC. Any claw-backs cannot be accurately estimated and would be subject to contingencies under FAS 5, which cannot be reasonably estimated at this time.

5. Investments at Market or Fair Value

The Organization's investments are summarized as follows:

	2009		2008	
	Fair value	Cost	Fair value	Cost
Certificates of deposit with maturities in excess of 90 days	\$5,192,607	\$5,200,000	\$ -	\$ -
Marketable equities	-	-	3,143,730	2,968,776
Corporate bonds	66,000	66,000	66,000	66,000
	\$5,258,607	\$5,266,000	\$3,209,730	\$3,034,776

Investment loss consists of the following:

	2009	2008
Realized gains (losses)	\$(1,463,089)	\$ 141,052
Unrealized losses	(175,833)	(377,916)
Interest income	12,379	37,520
	\$(1,626,543)	\$(199,344)

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In addition to the above investments, the investment portfolio included \$1,019,697 and \$1,287,469 of cash equivalents at June 30, 2009 and 2008, respectively.

The market or fair value of the investments detailed above is determined by reference to market quotations at June 30, 2009 and 2008. The investments are managed by professional investment advisors and managers.

At June 30, 2009, the Organization deemed that all securities which were in an unrealized loss position were temporarily impaired. Positive evidence considered in reaching the Organization's conclusion that the investments in an unrealized loss position are not other than temporarily impaired consisted of:

1. there were no specific events which caused concerns;
2. the Organization's ability and intent to retain the investment for a sufficient amount of time to allow an anticipated recovery in value; and
3. the Organization also determined that the changes in market value were considered normal in relation to overall fluctuations in interest rates.

6. Fair Value Measurements

The Organization's holdings in certificates of deposit consist of FDIC insured investments with original maturities greater than 90 days that are carried at their aggregate market value, determined by quoted market prices, and which can be liquidated daily. The valuation of the above is based on Level 1 inputs within the hierarchy used in measuring fair value.

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The fair value of corporate bonds is estimated using recently executed transactions or market price quotations (where observable). The spread data used is for the same maturity as the bond. If the spread data does not reference the issuer, then data that references a comparable issuer is used. When observable price quotations are not available, fair value is determined based on cash flow models with yield curves, bond, or single-name credit default swap spreads and recovery rates based on collateral values as key inputs. Corporate bonds are classified as Level 2 of the fair value hierarchy.

Alternative investments are those made in limited liability investment companies which are valued based on Level 3 inputs within the investment hierarchy used in measuring fair value. Given the absence of market quotations, their fair value is estimated using information provided to the Organization by the investment managers. The values are based on estimates that require varying degrees of judgment and, for fund of funds investments, are primarily based on financial data supplied by the investment managers of the underlying funds. Individual investment holdings within the alternative investments may include investments in both nonmarketable and market-traded securities. Nonmarketable securities may include equity in private companies, real estate, thinly-traded securities, and other investment vehicles. While the investments may indirectly expose the Organization to various financial instruments and varying degrees of risk, the Organization's exposure with respect to each such investment is limited to its carrying amount (fair value) in each investment. The financial statements of the investees are audited annually by nationally recognized firms of independent auditors. The Organization does not directly invest in the underlying securities of the investment funds and, due to certain restrictions on transferability and timing of withdrawals from the limited liability investment companies, the amounts realized upon liquidation could differ from reported values that are based on current conditions.

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Below sets forth a table of assets measured at fair value as of June 30, 2009:

	Fair value measurement using			
	Total	Level 1	Level 2	Level 3
Certificates of deposit,				
FDIC insured	\$5,192,607	\$5,192,607	\$ -	\$ -
Corporate bonds	66,000	-	66,000	-
Alternative investments	940,216	-	-	940,216
	\$6,198,823	\$5,192,607	\$66,000	\$940,216

The following table sets forth changes in the assets measured at fair value using Level 3 inputs on a recurring basis for the year ended June 30, 2009:

<i>Alternative investments</i>	
Balance at July 1, 2008	\$ 4,499,175
Purchases	-
Sales	(2,844,180)
Realized gain	753,031
Unrealized loss	(1,467,810)
Balance at June 30, 2009	\$ 940,216

**7. Pledges
Receivable, Net**

The net present value of pledges receivable was calculated using a discounted rate equal to the estimated earnings rate of JASA's cash and cash equivalents. At June 30, 2009, the estimated earnings rate of JASA's cash and cash equivalents was calculated to be 2.09%.

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The net present value of pledges receivable at June 30, 2009 is summarized below:

<i>June 30, 2009</i>	
Total pledges receivable	\$199,000
Discount at 2.09%	(1,212)
Net present value of pledges receivable at	
June 30, 2009	\$197,788
Amounts due in:	
One year	\$169,000
Two to five years	30,000
	\$199,000

- 8. Fixed Assets, Net** Fixed assets, net, stated at cost, consist of the following:

<i>June 30,</i>	2009	2008
Leasehold improvements	\$ 287,336	\$ 277,336
Computer equipment	753,897	730,986
Vehicles	38,290	-
Furniture and equipment	-	196,047
	1,079,523	1,204,369
Less: Accumulated depreciation and amortization	(624,063)	(514,225)
Fixed assets, net	\$ 455,460	\$ 690,144

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9. Transactions with Affiliates

The Organization is related to eight housing companies through common board members. Under the direction of the Organization, seven housing companies operated apartment buildings located in New York City, and are regulated by the United States Department of Housing and Urban Development (“HUD”). Brookdale Village Housing Corporation and Coney Island Site Nine Houses, Inc. are also regulated by the New York State Division of Housing and Community Renewal (“DHCR”). The Organization recognized housing management income, which consists primarily of management fees of \$1,302,818 and \$1,331,591 for the fiscal years ended June 30, 2009 and 2008, respectively. Such fees are regulated by HUD or DHCR, as applicable.

The net receivable due to the Organization from various entities consists primarily of management fees, accounting fees and insurance costs and was \$3,317,497 and \$4,103,380 as of June 30, 2009 and 2008, respectively.

The following is a summary of related party receivables (payables).

Entity	2009	2008
Due from affiliates:		
Israel Senior Citizens Housing Development Fund Corp.	\$1,091,452	\$ 967,093
Coney Island Site Nine Houses, Inc.	694,784	729,404
Brookdale Village Housing Corporation	603,909	1,626,709
Manhattan Beach Housing Development Fund Corp.	16,015	57,003
Brighton Beach Housing Development Fund Co., Inc.	14,383	8,854
Seagirt Housing Development Fund Corp.	866,390	726,341
Cooper Square Housing Development Fund Co., Inc.	1,471	1,547
Positively Third Street Housing Development Fund Co. Inc.	5,254	2,491
Services for the Aged	23,839	29,519
Total housing companies	3,317,497	4,148,961
Due to affiliates:		
Positively Third Street Housing Development Fund Co. Inc.	-	(45,581)
Total net receivable	\$3,317,497	\$4,103,380

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- 10. Pension Plan** The Organization is a participant in a multi-employer, defined benefit retirement plan sponsored by the UJA-Federation. The actuarial present value of the benefit obligation and fair value of plan assets are not available separately for each employer who participates in the plan. The Organization made contributions to the plan on behalf of its employees of \$673,831 and \$585,107 in 2009 and 2008, respectively, which is included in the Organization's payroll taxes and fringe benefits.
- 11. Line of Credit** In March 2004, the Organization entered into an unsecured \$2,000,000 line of credit agreement with a financial institution. During 2006, the financial institution increased the line up to \$3,000,000 without any additional restrictions. The line allows the Organization to borrow at LIBOR plus 150 basis points (1.7%) at June 30, 2009 and LIBOR plus 75 basis points (7.00%) at June 30, 2008, subject to certain restrictions. Funds borrowed under the agreement may be repaid at any time without penalty. This line was renewed during 2009 and is extended until June 30, 2010. The outstanding balance was \$600,000 and \$-0- at June 30, 2009 and 2008, respectively.
- In August 2000, the Organization obtained an irrevocable standby letter of credit as a security interest on one of its facilities which reduced in commitment value throughout the life of the lease which was \$61,000 as of June 30, 2009 and 2008. The line will automatically renew each year and is set to expire on March 20, 2010.
- In December 2005, the Organization entered into an additional irrevocable letter of credit for \$116,000 as a security interest to its administrative office located in New York, New York. The line will automatically renew each year and is set to expire on December 30, 2011.

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- 12. Commitments and Contingencies** The Organization received a substantial amount of its operating support from Federal, state and local governments. Any significant reduction in the level of this support could have an effect on the programs the Organization provides. Approximately 92% of the government revenue is earned through contracts with the City of New York (which includes Federal and state pass-through awards). These contractual agreements are on a reimbursement basis, which requires performance of certain services by the Organization before revenue may be recognized.
- (a) Pursuant to the Organization's contractual relationships with certain governmental funding sources, governmental agencies have the right to examine the books and records of the Organization involving transactions related to these contracts. In the opinion of management, disallowances, if any, would not be material to the Organization's financial position.
- (b) The Organization leases office space under terms of various leases expiring through May 2016. The leases generally provide for annual base rentals plus certain escalations. Future minimum rentals under noncancellable leases for the next five years and in the aggregate are as follows:

<i>Year ending June 30,</i>	
2010	\$2,067,054
2011	1,684,945
2012	1,176,393
2013	645,282
2014	316,841
Thereafter	736,717
Total	\$6,627,232

Rent expense was \$2,522,653 and \$2,252,807 for the fiscal years ended June 30, 2009 and 2008, respectively.

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- (c) The Organization is a defendant in various legal actions in the normal course of its operations. Although the final outcome of such actions cannot currently be determined, the Organization's management believes that the eventual liability to the Organization, if any, will be immaterial.

- 13. Endowment Funds** The Organization's endowment consists of a donor-restricted endowment fund that has been established for various purposes and has been classified as permanently restricted net assets, as well as a board-designated endowment fund to be used and invested for certain organizational purposes.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the State law 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 or the fair value of the original funds appropriated by the Board of Directors for board-designated funds.

As a result of this interpretation, the Organization classifies 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the donor's intent.

Additionally, the Organization classifies as board-designated net assets (a) the original value of funds appropriated to the board-designated endowment, (b) the original value of subsequent funds appropriated to the board-designated endowment, and (c) accumulations to the board-designated endowment made in accordance with the direction of the Board of Directors.

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The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted or board-designated endowment funds:

1. the duration and preservation of the fund;
2. the purposes of the Organization and the donor-restricted or board-designated 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 Organization; and
7. the investment policies of the Organization.

Changes in endowment net assets for the year ended June 30, 2009:

	Board- designated	Donor- restricted	Total
Endowment net assets at beginning of year	\$ 7,548,811	\$1,171,193	\$ 8,720,004
Income (loss) realized and unrealized	(2,053,714)	(297,988)	(2,351,702)
Transfers from unrestricted net assets	700,000	-	700,000
Transfer to donor restricted	(298,139)	298,139	-
Contributions	-	75,000	75,000
Appropriation of endowment assets for expenditures	-	(12,000)	(12,000)
Endowment net assets at end of year	\$ 5,896,958	\$1,234,344	\$ 7,131,302

During 2009, \$298,139 was transferred from board-designated to donor-restricted to cover the losses incurred by the donor-restricted endowment fund at June 30, 2009.

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Return Objectives and Risk Parameters

The Organization 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. Under this policy, as approved by the Investment Committee, the endowment assets are invested in a manner that is intended to provide, in priority order: 1) safety of principal, 2) liquidity for operating needs, 3) diversification of risk and 4) maximization of yield.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy designed to provide a reasonable level of annual distributions to general operating funds and to provide for the long-term preservation of their endowment funds.

The investment strategy of the Organization is based on a disciplined, consistent and diversified approach utilizing multiple asset classes and multiple managers, as appropriate. The intent is to accommodate and consider diverse strategies deemed reasonable and prudent.

Invested assets are managed in a socially responsible manner with the goal of protecting principal while generating income appropriate to conservative investment strategy with strict fiscal principles.

Spending Policy

The Organization restricts annual distributions from the board-designated endowment funds to general operating funds to no more than 5% of the three-year moving average end value of the Endowment Fund. Annual distributions must be approved by the Board of Directors.

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14. Restricted Net Assets

(a) *Temporarily Restricted Net Assets*

Temporarily restricted net assets are restricted for the following purposes:

<i>June 30,</i>	2009	2008
Sundays at JASA	\$ 53,998	\$ 59,595
Client financial assistance	36,537	68,149
Pets Project	30,000	20,000
Food services	-	89,798
JPAC/IFSA	67,500	42,500
Elder Abuse Project	137,069	245,455
Baby Boomer	166,990	204,855
General operating support	300,000	97,087
Other	32,295	21,442
	\$824,389	\$848,881

(b) *Permanently Restricted Net Assets*

Donor-restricted contributions held in perpetuity, the income from which is expendable to support the following:

<i>June 30,</i>	2009	2008
Client financial assistance	\$ 217,533	\$ 217,382
Food and Group Services	274,377	274,377
Scholarships/staff recognition	23,835	23,835
Sundays at JASA	346,849	346,849
The Allan Morrow Seders	371,750	308,750
	\$1,234,344	\$1,171,193

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15. Net Assets Released from Restrictions

The amounts of temporarily restricted net assets released from restrictions during the years ended June 30, 2009 and 2008 are as follows:

<i>Year ended June 30,</i>	2009	2008
Sundays at JASA	\$ 5,597	\$ 42,500
Client financial assistance	32,215	22,574
Advocacy	42,500	20,140
Pets Project	10,000	25,000
Food Services	89,798	46,283
Elder Abuse Project	280,536	104,445
Social Adult Day Care	-	31,425
Mental Health	-	60,000
Medicare beneficiary rights	-	30,297
Weinberg/Housing projects	-	100,000
General Operating Support	300,000	-
Other	40,197	75,550
	\$800,843	\$558,214

The amounts of permanently restricted net assets released from restrictions during the years ended June 30, 2009 and 2008 are as follows:

<i>Year ended June 30,</i>	2009	2008
The Allan Morrow Seders	\$12,000	\$16,250

16. Subsequent Events

The Organization's management has performed subsequent events procedures through October 14, 2009 which is the date the combined financial statements were available to be issued and there were no subsequent events requiring adjustment to the combined financial statements or disclosures as stated herein.