

JOBS FOR THE FUTURE, INC.

**FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013**

JOBS FOR THE FUTURE, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Jobs for the Future, Inc.
Boston, Massachusetts

We have audited the accompanying financial statements of Jobs for the Future, Inc. (a non-profit organization), which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statement of activities for the year ended September 30, 2013 and the statements of cash flows for the years ended September 30, 2013 and 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jobs for the Future, Inc. as of September 30, 2013 and 2012, and the changes in its net assets for the year ended September 30, 2013, and its cash flows for the years ended September 30, 2013 and 2012 in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Jobs for the Future, Inc.'s September 30, 2012 financial statements, and our report dated February 21, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein for the year ended September 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wakefield, Massachusetts
February 20, 2014

Tonneson & Company, Inc.

tonneson + co
Certified Public Accountants & Consultants

JOBS FOR THE FUTURE, INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2013 AND 2012

ASSETS

	<u>2013</u>	<u>2012</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,704,295	\$ 4,634,925
Cash, Fund for the Future	119,773	76,157
Investments	2,398,881	1,919,825
Investments, Fund for the Future	900,213	838,001
Accounts receivable	25,827,727	6,550,539
Contributions and grants receivable, current portion	15,423,207	17,004,223
Prepaid expenses and other current assets	<u>337,519</u>	<u>163,105</u>
Total current assets	<u>48,711,615</u>	<u>31,186,775</u>
OTHER ASSETS:		
Investments	239,645	-
Investments, Fund for the Future	397,353	354,960
Contributions and grants receivable, net of current portion	1,506,732	10,055,690
Property and equipment, net	191,282	502,874
Security deposits and other assets	<u>265,070</u>	<u>242,811</u>
Total other assets	<u>2,600,082</u>	<u>11,156,335</u>
TOTAL ASSETS	\$ <u>51,311,697</u>	\$ <u>42,343,110</u>

See Notes to Financial Statements.

JOBS FOR THE FUTURE, INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2013 AND 2012

LIABILITIES AND NET ASSETS

	<u>2013</u>	<u>2012</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 1,877,153	\$ 2,694,994
Accrued expenses	2,249,306	1,909,269
Deferred revenue	24,005,653	5,312,269
Current portion of capital lease obligations	<u>37,696</u>	<u>64,858</u>
Total current liabilities	28,169,808	9,981,390
Capital lease obligations, net of current portion	<u>43,212</u>	<u>90,994</u>
TOTAL LIABILITIES	<u>28,213,020</u>	<u>10,072,384</u>
NET ASSETS:		
Unrestricted		
Operating	1,193,668	1,076,001
Board designated, Fund for the Future	<u>1,417,339</u>	<u>1,269,118</u>
	2,611,007	2,345,119
Temporarily restricted	<u>20,487,670</u>	<u>29,925,607</u>
TOTAL NET ASSETS	<u>23,098,677</u>	<u>32,270,726</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 51,311,697</u>	<u>\$ 42,343,110</u>

See Notes to Financial Statements.

JOBS FOR THE FUTURE, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2013

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2012)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Total</u>	<u>2012 Total</u>
REVENUES, GAINS, AND OTHER SUPPORT:				
Contributions	\$ 11,070	\$ 13,057,481	\$ 13,068,551	\$ 11,085,537
Government grants	1,067,206	-	1,067,206	2,034,421
Program service contract revenue	5,900,332	-	5,900,332	5,046,184
Investment income	135,669	-	135,669	193,118
Other income	370,490	-	370,490	124,501
Net assets released from restrictions:				
Satisfaction of time and program restrictions	<u>22,495,418</u>	<u>(22,495,418)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>29,980,185</u>	<u>(9,437,937)</u>	<u>20,542,248</u>	<u>18,483,761</u>
EXPENSES:				
Program services	24,989,115	-	24,989,115	28,959,995
Administration, communications and development	<u>4,725,182</u>	<u>-</u>	<u>4,725,182</u>	<u>5,177,455</u>
Total expenses	<u>29,714,297</u>	<u>-</u>	<u>29,714,297</u>	<u>34,137,450</u>
INCREASE (DECREASE) IN NET ASSETS	265,888	(9,437,937)	(9,172,049)	(15,653,689)
NET ASSETS, BEGINNING OF YEAR	<u>2,345,119</u>	<u>29,925,607</u>	<u>32,270,726</u>	<u>47,924,415</u>
NET ASSETS, END OF YEAR	<u>\$ 2,611,007</u>	<u>\$ 20,487,670</u>	<u>\$ 23,098,677</u>	<u>\$ 32,270,726</u>

See Notes to Financial Statements.

JOBS FOR THE FUTURE, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2013 AND 2012

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets	\$ (9,172,049)	\$ (15,653,689)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities		
Depreciation	329,899	301,055
Unrealized gain on investments, net	(31,502)	(130,047)
Gain on sales of investments, net	(75,844)	(25,702)
Changes in certain assets and liabilities:		
Accounts receivable	(19,277,188)	(741,671)
Contributions and grants receivable	10,129,254	11,672,523
Prepaid expenses and other current assets	(174,414)	95,350
Security deposits and other assets	(22,260)	(36,456)
Accounts payable	(817,841)	1,943,222
Accrued expenses	340,037	(526,254)
Grants payable	-	(45,000)
Deferred revenue	<u>18,693,384</u>	<u>1,012,278</u>
Net cash used in operating activities	<u>(78,524)</u>	<u>(2,134,391)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments, Funds for the Future	185,776	12,680
Purchases of investments, Funds for the Future	(224,631)	(44,177)
Proceeds from sales and redemption of investments and certificates of deposit	1,920,000	4,040,000
Purchases of investments and certificates of deposits	(2,640,000)	(960,000)
Purchases of property and equipment, net	<u>(18,307)</u>	<u>(115,342)</u>
Net cash provided by (used in) investing activities	<u>(777,162)</u>	<u>2,933,161</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of capital lease obligation	<u>(74,944)</u>	<u>(79,801)</u>
Net cash used in financing activities	<u>(74,944)</u>	<u>(79,801)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(930,630)	718,969
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,634,925</u>	<u>3,915,956</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u><u>3,704,295</u></u>	\$ <u><u>4,634,925</u></u>

See Notes to Financial Statements.

JOBS FOR THE FUTURE, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2013 AND 2012

Note 1 - Organization and Nature of Activities

Organization - Jobs for the Future, Inc. ("JFF") is a national, non-profit organization that conducts research, proposes policy innovation, designs systems and provides technical assistance. Its goal is to enhance economic security and access to opportunity for individuals by strengthening the transitions and linkages between work and learning.

Program Services - JFF defines its program services to reflect JFF's goals and objectives in line with changing emphasis in the area of work and learning reform. Program services include:

Creating Successful Transitions for Youth - Develop ideas and programs that strengthen opportunities for youth to succeed in postsecondary learning and high-skill careers.

Pathways to Postsecondary - Improve educational options and prospects of young people who have disengaged or disconnected altogether from the educational system.

Building Economic Opportunity - Develop ideas and programs that increase opportunities for low-income individuals to move into family-supporting careers and help meet the growing economic demand for knowledgeable and skilled workers.

National Advocacy - Develop ideas and policy solutions that promote JFF's program priorities and models at the federal, national and state levels.

Note 2 - Summary of Significant Accounting Policies

Financial Statement Presentation - In accordance with U.S. generally accepted accounting principles, JFF is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions reported as temporarily restricted support are reclassified as unrestricted net assets upon the fulfillment of the program or time restrictions.

Unrestricted - Net assets not subject to donor-imposed stipulations or those for which restrictions have expired. Included in unrestricted net assets are Board Designated net assets, identified as Fund for the Future assets, of \$1,417,339 and \$1,269,118 as of September 30, 2013 and 2012, respectively.

Temporarily Restricted - Net assets subject to donor-imposed stipulations that will be met either by actions of JFF and/or by the passage of time.

Permanently Restricted - Net assets subject to donor-imposed restrictions that stipulate that resources be maintained permanently, but may permit JFF to use or expend part or all of the economic benefits derived from the donated assets. JFF's resources in this area allow for income to be spent on general operating expenses and as such income from those resources is reflected as unrestricted revenues. JFF has no permanently restricted net assets at September 30, 2013 and 2012.

JOBS FOR THE FUTURE, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2013 AND 2012

Note 2 - Summary of Significant Accounting Policies (Continued)

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Organization's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - JFF considers all highly liquid investment instruments with original maturities of three months or less to be cash equivalents.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at fair value in the statements of financial position, in accordance with U.S. generally accepted accounting principles. Net realized and unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investments are classified as current if the underlying security matures within twelve months from the date of the statement of financial position. Certificates of deposit and bond investments mature at various times from January 2014 through November 2018.

Accounts, Contributions and Grants Receivable - Accounts, contributions and grants receivable are reported at the amount management expects to collect on balances outstanding at year-end. At September 30, 2013 and 2012, management deems all such amounts to be fully collectible and as a result no allowance for doubtful accounts is deemed necessary.

Property and Equipment - JFF capitalizes property and equipment costing over \$5,000. Depreciation is provided over the estimated useful life of the respective assets on a straight-line basis as follows:

Furniture and fixtures	5 years
Office equipment	5 years
Computers	3-5 years
Computer software	3 years
Leasehold improvements	3-7 years

Capital Lease Obligations - Certain long-term lease transactions relating to the financing of property and equipment are accounted for as installment purchases of property and equipment. The capital lease obligations reflect as a liability the present value of future rental payments and a corresponding amount is capitalized as the cost of the assets and amortized using the straight-line method over the estimated economic life of the asset or the lease term. Depreciation of assets under capital leases is included in depreciation expense in the accompanying financial statements.

JOBS FOR THE FUTURE, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2013 AND 2012

Note 2 - Summary of Significant Accounting Policies (Continued)

Contract Revenue - JFF recognizes program service contract revenue as expenses are incurred.

Contributions and Grants - Contributions and grants, including unconditional promises to give, are recognized as revenues in the period received. Donor-restricted contributions and grants are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are released to unrestricted net assets.

The present value of promises to give that are due in more than one year is estimated by discounting the future cash flows using rates of 0.63% and 0.31%, for September 30, 2013 and 2012 respectively, which are considered to be the risk-free interest rates of return as of such dates.

Fundraising - JFF considers grant proposal costs as fundraising costs. For the years ended September 30, 2013 and 2012, fundraising costs of approximately \$302,000 and \$318,000, respectively, are included with administrative, communication and development costs in these financial statements.

Income Tax Status - JFF is a non-profit corporation organized under the laws of Connecticut and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly the financial statements do not reflect a provision for income taxes. This determination has been reviewed according to guidance in a recent Financial Accounting Standards Board pronouncement related to accounting for uncertainty in income taxes. In determining the recognition of uncertain tax positions, JFF applies a more-likely-than-not recognition threshold and determines the measurement of uncertain tax positions by considering the amounts and probabilities of the outcomes that could be realized upon ultimate settlement with taxing authorities. As of September 30, 2013, JFF has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The organization is generally subject to potential examination by taxing jurisdictions for the prior three years.

Recognition of Donor 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. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Concentration of Credit Risk - JFF maintains its cash and cash equivalents at various financial institutions and is insured within the limits of the Federal Deposit Insurance Corporation. At certain times during the year, cash balances exceeded the insured amounts. The Organization has not experienced any losses in such accounts. JFF's management believes it is not exposed to significant credit risk on cash and cash equivalents.

Revenue Sources - Major sources of revenue include grants, contributions, and contracts from corporations, foundations and governmental entities. For the year ended September 30, 2013, there were no concentrations of federal contract revenue, grants, and net assets released. For the year ended September 30, 2012, two federal grants represented 16% of contract revenue, grants, and net assets released. Grant receivables related to four federal grants represented 55% of contributions and grants receivable at September 30, 2012.

For the year ended September 30, 2013, three foundations represented 44% of contract revenue, grants, and net assets released. For the year ended September 30, 2012, two foundations represented 28% of contract revenue, grants, and net assets released. Contributions receivable related to three foundations represented 35% and 31% of contributions and grants receivable at September 30, 2013 and 2012, respectively.

JOBS FOR THE FUTURE, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2013 AND 2012

Note 2 - Summary of Significant Accounting Policies (Continued)

Subsequent Events - The date to which events occurring after September 30, 2013 have been evaluated for possible adjustment to the financial statements or disclosure is the date of the Independent Auditors' Report which is the date the financial statements were available to be issued.

Reclassifications - Certain reclassifications have been made to 2012 financial statements to conform to the presentation of the 2013 financial statements.

Note 3 - Contributions and Grants Receivable

Contributions and grants receivable at September 30, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
Contributions and grants expected to be collected in:		
Less than one year	\$ 15,423,207	\$ 17,004,223
One to five years	1,510,815	10,081,001
	<u>16,934,022</u>	<u>27,085,224</u>
Less present value discount	<u>(4,083)</u>	<u>(25,311)</u>
Contributions and grants receivable, net	<u>\$ 16,929,939</u>	<u>\$ 27,059,913</u>

Note 4 - Investments

Investments consist of the following at September 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Certificates of deposit	\$ 2,638,526	\$ 1,919,825
Equity securities - Fund for the Future	900,213	787,250
Corporate and foreign bonds - Fund for the Future	<u>397,353</u>	<u>405,711</u>
Total investments	<u>\$ 3,936,092</u>	<u>\$ 3,112,786</u>

Investments at September 30, 2013 and 2012 are reported as follows in the statements of financial position:

	<u>2013</u>	<u>2012</u>
Current investments	\$ 2,398,881	\$ 1,919,825
Non current investments	239,645	-
Current Fund for the Future investments	900,213	838,001
Non current Fund for the Future investments	<u>397,353</u>	<u>354,960</u>
Total investments	<u>\$ 3,936,092</u>	<u>\$ 3,112,786</u>

JOBS FOR THE FUTURE, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2013 AND 2012

Note 4 - Investments (Continued)

For the years ended September 30, 2013 and 2012, investment fees of approximately \$13,300 and \$12,000, respectively, are included in net investment income in the accompanying financial statements.

U.S. generally accepted accounting principles define fair value as the price that would be received to sell an asset or paid to transfer a liability, in an orderly transaction between market participants. U.S. generally accepted accounting principles require JFF to maximize the use of observable market inputs, minimize the use of unobservable market inputs and disclose in the form of an outlined hierarchy the details of such fair value measurements. U.S. generally accepted accounting principles specify a hierarchy of valuation techniques based on whether the inputs to a fair value measurement are considered to be observable or unobservable in a marketplace. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect JFF's market assumptions.

This hierarchy requires the use of observable market data when available. These inputs have created the following fair value hierarchy:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than those included in Level 1. For example, quoted prices for similar assets in active markets or quoted prices for identical assets in inactive markets.

Level 3 - Unobservable inputs reflecting management's own assumptions about the inputs used in estimating the value of the asset.

The following table summarizes JFF's financial assets measured at fair value on a recurring basis by the valuation hierarchy (as described above) in accordance with U.S. generally accepted accounting principles as of September 30, 2013 and 2012:

<u>Level 1</u>	<u>2013</u>	<u>2012</u>
Certificates of deposit	\$ 2,638,526	\$ 1,919,825
Equity securities:		
Consumer discretionary	119,894	123,573
Consumer staples	126,728	85,060
Energy	101,441	94,770
Financial	121,007	83,638
Healthcare	128,093	84,757
Industrials	113,329	81,479
Information technology	137,254	148,922
International	-	24,771
Materials	32,309	40,812
Telecommunications	9,335	-
Utilities	10,823	19,468
Fixed income securities:		
Corporate bonds	292,194	324,466
International corporate bonds	105,159	81,245
	<u>\$ 3,936,092</u>	<u>\$ 3,112,786</u>

JOBS FOR THE FUTURE, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2013 AND 2012

Note 5 - Property and Equipment

Property and equipment consist of the following at September 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Property and equipment, at cost:		
Furniture and fixtures	\$ 565,939	\$ 565,939
Office equipment	366,024	366,024
Computer equipment	214,483	214,483
Computer software	510,081	491,773
Leasehold improvements	352,483	352,483
	<u>2,009,010</u>	<u>1,990,702</u>
Less: accumulated depreciation	<u>1,817,728</u>	<u>1,487,828</u>
Property and equipment, net	<u>\$ 191,282</u>	<u>\$ 502,874</u>

Note 6 - Line of Credit

JFF has a \$5,000,000 line of credit with a regional bank, secured by a margin loan on certain investments. Interest is charged at the bank's base rate less 2.5%. Borrowings under the agreement are due on demand. JFF did not borrow under this line of credit during the years ended September 30, 2013 and 2012.

Note 7 - Capital Lease Obligations

JFF leases equipment under capital lease agreements. A summary of the leased equipment included in property and equipment at September 30, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Cost	\$ 304,332	\$ 304,332
Less accumulated depreciation	<u>222,884</u>	<u>150,159</u>
Net book value	<u>\$ 81,448</u>	<u>\$ 154,173</u>

JOBS FOR THE FUTURE, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2013 AND 2012

Note 7 - Capital Lease Obligations (Continued)

The following is a schedule by years of future minimum lease payments required under the lease agreements, together with the present value of the net minimum lease payments at September 30, 2013:

<u>Years ending September 30,</u>	<u>Amount</u>
2014	\$ 44,240
2015	44,241
Total minimum lease payments	<u>88,481</u>
Less amount representing interest	<u>7,573</u>
Present value of net minimum lease payments	80,908
Less current portion	<u>37,696</u>
Net long-term portion	\$ <u><u>43,212</u></u>

Note 8 - Temporarily Restricted Net Assets

As of September 30, 2013 and 2012, temporarily restricted net assets are comprised of contributions and grants for specific programs to be expended in future years as follows:

	<u>2013</u>	<u>2012</u>
Building Economic Opportunity	\$ 14,926,832	\$ 27,348,374
Pathways to Postsecondary	2,929,458	978,808
National Advocacy	1,553,842	503,682
Creating Successful Transitions for Youth	<u>1,077,538</u>	<u>1,094,743</u>
	\$ <u><u>20,487,670</u></u>	\$ <u><u>29,925,607</u></u>

Note 9 - Federal Contracts

Certain contract costs billed to federal agencies and to other pass through entities are subject to audit by the granting agency or its representatives. JFF does not anticipate, and no provision has been made for, disallowed costs on federally funded contracts.

Note 10 - Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

JOBS FOR THE FUTURE, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2013 AND 2012

Note 11 - Lease Commitments

JFF leases office space under various lease agreements expiring at various times through 2019. Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of September 30, 2013 are approximately as follows:

<u>Years ending September 30,</u>	<u>Amount</u>
2014	\$ 708,000
2015	437,000
2016	90,000
2017	92,000
2018	95,000
Thereafter	<u>48,000</u>
Total minimum future rental payments	\$ <u><u>1,470,000</u></u>

Total lease expense, inclusive of such costs as utilities and other related occupancy expenses borne by JFF, was approximately \$830,000 and \$800,000 for the years ended September 30, 2013 and 2012, respectively.

Note 12 - Pension Plan

JFF sponsors a defined contribution plan covering substantially all of its eligible employees who have attained 18 years of age and completed six months of service. JFF provides a matching contribution up to 2.5% of eligible compensation for employees who elect to participate in the plan. Additionally, JFF makes a discretionary contribution for the eligible employees based on their length of service with the Organization. These discretionary contributions range from 2.5% for employees with less than five years of service, 5% for employees with more than five years of service and 7.5% for employees with more than ten years of service. JFF's contribution amounted to \$567,486 and \$549,931 for the years ended September 30, 2013 and 2012, respectively.

While JFF expects to continue the plan indefinitely, it has reserved the right to modify, amend or terminate the plan. In the event of termination, the entire amount contributed under the plan must be applied to the payment of benefits to the participants or their beneficiaries.

Note 13 - Contributed Services

JFF recognized contributed revenue (and corresponding expense) for contributed professional services based upon compensation that would have been paid for such services. For the years ended September 30, 2013 and 2012, JFF received approximately \$80,000 and \$44,000 in contributed legal services, respectively.

Note 14 - Statement of Cash Flows Supplemental Notes

Cash paid for interest during the years ended September 30, 2013 and 2012 amounted to \$6,194 and \$14,509, respectively.

INDEPENDENT AUDITORS' REPORT ON ACCOMPANYING INFORMATION

Board of Directors
Jobs for the Future, Inc.
Boston, Massachusetts

We have audited the financial statements of Jobs for the Future, Inc. as of and for the year ended September 30, 2013 and have issued our report thereon dated February xx, 2014, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying information contained on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Tonneson & Company, Inc.

Wakefield, Massachusetts
February 20, 2014

JOBS FOR THE FUTURE, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2013

(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2012)

	Programs					Administrative		
	Creating Successful Transitions For Youth	Pathway to Postsecondary	Building Economic Opportunities	National Advocacy	Total Program Expenses	Administration, Communications and Development	2013 Total Expenses	2012 Total Expenses
PERSONNEL COSTS:								
Salaries	\$ 1,665,747	\$ 1,090,745	\$ 2,645,920	\$ 987,759	\$ 6,390,171	\$ 2,566,175	\$ 8,956,346	\$ 9,241,825
Payroll tax	124,580	80,211	195,708	72,749	473,248	188,342	661,590	730,117
Fringe benefits	311,275	199,126	491,834	192,407	1,194,642	434,888	1,629,530	1,657,304
Training and development	1,350	-	-	-	1,350	43,333	44,683	23,970
Total personnel costs	2,102,952	1,370,082	3,333,462	1,252,915	8,059,411	3,232,738	11,292,149	11,653,216
PROGRAM AND DEPARTMENT COSTS:								
Consultant fees	663,438	230,965	1,825,149	67,022	2,786,574	228,165	3,014,739	3,559,296
Conferences and meetings	134,742	23,832	431,928	127,003	717,505	48,703	766,208	790,032
Travel	317,359	127,448	477,808	124,518	1,047,133	80,340	1,127,473	1,497,915
Dues, subscriptions, publications	7,052	10,829	36,569	1,237	55,687	71,579	127,266	232,990
Total program and department costs	1,122,591	393,074	2,771,454	319,780	4,606,899	428,787	5,035,686	6,080,233
OTHER COSTS:								
Occupancy costs	101,205	53,789	198,511	81,672	435,177	198,400	633,577	805,863
Depreciation and amortization	-	-	-	-	-	329,899	329,899	301,055
General and management	510	-	15,049	-	15,559	225,293	240,852	201,649
Equipment lease	29,812	18,010	52,577	16,207	116,606	51,036	167,642	121,282
Production costs	56,914	10,265	47,415	260	114,854	26,410	141,264	223,843
Telecommunications	27,802	13,424	42,650	10,697	94,573	39,631	134,204	195,431
Supplies	6,449	4,968	17,171	277	28,865	87,835	116,700	156,476
Miscellaneous	7,191	410	17,262	178	25,041	51,171	76,212	76,366
Postage	14,185	1,468	11,207	3,248	30,108	10,341	40,449	59,114
Recruitment	-	-	-	-	-	36,803	36,803	30,743
Stipends	-	9,000	20,000	-	29,000	-	29,000	5,589
Interest expense	-	-	-	-	-	6,838	6,838	14,509
Total other costs	244,068	111,334	421,842	112,539	889,783	1,063,657	1,953,440	2,191,920
Pass through grants and subcontracts	571,801	131,550	10,729,671	-	11,433,022	-	11,433,022	14,212,081
TOTAL EXPENSES	\$ 4,041,412	\$ 2,006,040	\$ 17,256,429	\$ 1,685,234	\$ 24,989,115	\$ 4,725,182	\$ 29,714,297	\$ 34,137,450

See Independent Auditor's Report on Accompanying information