

**JEWISH FAMILY SERVICE OF METROWEST, INC.**  
(A Not-for-Profit Organization)

AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

### **NOTIFICATION TO THIRD PARTY USERS OF THIS REPORT**

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**JEWISH FAMILY SERVICE OF METROWEST, INC.**  
(A Not-for-Profit Organization)

AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

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## INDEPENDENT AUDITORS' REPORT

Board of Directors

**Jewish Family Service of Metrowest, Inc.**

We have audited the accompanying statements of financial position of **Jewish Family Service of Metrowest, Inc.** (A Not-for-Profit Organization) as of September 30, 2011 and 2010, and the related statements of activities and change in net assets, functional expenses, and cash flows – indirect method for the years 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 audits.

We conducted our audits 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 Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Jewish Family Service of Metrowest, Inc.** as of September 30, 2011 and 2010, and the changes in its net assets and cash flows for the years 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 2, 2012, on our consideration of **Jewish Family Service of Metrowest, Inc.'s** internal control over financial reporting and on 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 audits.

GRAY, GRAY & GRAY, LLP

*Gray, Gray & Gray, LLP*

February 2, 2012

**JEWISH FAMILY SERVICE OF METROWEST, INC.**  
(A Not-for-Profit Organization)

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2011

**ASSETS**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 471,058	\$ 507,245	\$ 978,303
Cash - restricted	-	22,000	22,000
Cash - escrows	571	-	571
Accounts receivable	118,907	7,300	126,207
Resettlement loans receivable	5,162	-	5,162
Unconditional promises to give	-	569,250	569,250
Other current assets	42,418	-	42,418
	<u>638,116</u>	<u>1,105,795</u>	<u>1,743,911</u>
<b>TOTAL CURRENT ASSETS</b>			
<b>PROPERTY AND EQUIPMENT</b>			
Office condominium and improvements	545,845	-	545,845
Furniture and equipment	61,024	-	61,024
Computer	36,358	-	36,358
	<u>643,227</u>	<u>-</u>	<u>643,227</u>
Less accumulated depreciation	(255,913)	-	(255,913)
	<u>387,314</u>	<u>-</u>	<u>387,314</u>
<b>NET PROPERTY AND EQUIPMENT</b>			
<b>LONG-TERM ASSETS</b>			
Unconditional promises to give, long-term	-	25,934	25,934
	<u>-</u>	<u>25,934</u>	<u>25,934</u>
<b>TOTAL ASSETS</b>			
	<u>\$ 1,025,430</u>	<u>\$ 1,131,729</u>	<u>\$ 2,157,159</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>			
Current portion of long-term debt	\$ 24,770	\$ -	\$ 24,770
Accounts payable	2,848	-	2,848
Accrued expenses	106,415	-	106,415
Escrow deposits	571	-	571
	<u>134,604</u>	<u>-</u>	<u>134,604</u>
<b>TOTAL CURRENT LIABILITIES</b>			
<b>LONG-TERM LIABILITIES</b>			
Long-term debt, net of current portion	196,517	-	196,517
	<u>196,517</u>	<u>-</u>	<u>196,517</u>
<b>TOTAL LIABILITIES</b>			
	<u>331,121</u>	<u>-</u>	<u>331,121</u>
<b>NET ASSETS</b>			
	<u>694,309</u>	<u>1,131,729</u>	<u>1,826,038</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>			
	<u>\$ 1,025,430</u>	<u>\$ 1,131,729</u>	<u>\$ 2,157,159</u>

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

**JEWISH FAMILY SERVICE OF METROWEST, INC.**  
(A Not-for-Profit Organization)

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2010

**ASSETS**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 344,446	\$ 463,103	\$ 807,549
Cash - restricted	-	19,000	19,000
Cash - escrows	1,910	-	1,910
Accounts receivable	126,475	7,300	133,775
Resettlement loans receivable	4,350	-	4,350
Unconditional promises to give	-	598,500	598,500
Other current assets	41,394	-	41,394
	<hr/>	<hr/>	<hr/>
<b>TOTAL CURRENT ASSETS</b>	<b>518,575</b>	<b>1,087,903</b>	<b>1,606,478</b>
<b>PROPERTY AND EQUIPMENT</b>			
Office condominium and improvements	545,845	-	545,845
Furniture and equipment	61,024	-	61,024
Computer	40,028	-	40,028
	<hr/>	<hr/>	<hr/>
	646,897	-	646,897
Less accumulated depreciation	(241,580)	-	(241,580)
	<hr/>	<hr/>	<hr/>
<b>NET PROPERTY AND EQUIPMENT</b>	<b>405,317</b>	<b>-</b>	<b>405,317</b>
<b>LONG-TERM ASSETS</b>			
Unconditional promises to give, long-term	-	104,003	104,003
	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 923,892</b>	<b>\$ 1,191,906</b>	<b>\$ 2,115,798</b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>			
Current portion of long-term debt	\$ 23,331	\$ -	\$ 23,331
Accounts payable	4,103	-	4,103
Accrued expenses	83,478	-	83,478
Escrow deposits	1,910	-	1,910
	<hr/>	<hr/>	<hr/>
<b>TOTAL CURRENT LIABILITIES</b>	<b>112,822</b>	<b>-</b>	<b>112,822</b>
<b>LONG TERM LIABILITIES</b>			
Long-term debt, net of current portion	221,286	-	221,286
	<hr/>	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	<b>334,108</b>	<b>-</b>	<b>334,108</b>
	<hr/>	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>589,784</b>	<b>1,191,906</b>	<b>1,781,690</b>
	<hr/>	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 923,892</b>	<b>\$ 1,191,906</b>	<b>\$ 2,115,798</b>

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

**JEWISH FAMILY SERVICE OF METROWEST, INC.**  
(A Not-for-Profit Organization)

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

YEAR ENDED SEPTEMBER 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>			
<b>Public Support:</b>			
Combined Jewish Philanthropies	\$ -	\$ 543,750	\$ 543,750
United Way of Tri-County	-	5,680	5,680
Grants from private foundations	52,495	-	52,495
Contributions	201,467	309,553	511,020
Special events	278,956	-	278,956
Cost of special events	(26,699)	-	(26,699)
	<u>506,219</u>	<u>858,983</u>	<u>1,365,202</u>
<b>Revenue:</b>			
Adoption fees	169,850	-	169,850
Contracted homemaker services	506,506	-	506,506
Other homemaker services	87,412	-	87,412
Other service fees	37,869	-	37,869
Interest and miscellaneous	1,871	-	1,871
	<u>803,508</u>	<u>-</u>	<u>803,508</u>
<b>NET ASSETS RELEASED FROM SATISFACTION OF PROGRAM RESTRICTIONS</b>	<u>919,160</u>	<u>(919,160)</u>	<u>-</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<u>2,228,887</u>	<u>(60,177)</u>	<u>2,168,710</u>
<b>EXPENSES</b>			
<b>Program Services:</b>			
Adoption	278,587	-	278,587
Homemaker services	640,548	-	640,548
Elder care services	345,141	-	345,141
Other	516,759	-	516,759
<b>Supporting Services:</b>			
Fundraising	124,373	-	124,373
General and administrative	218,954	-	218,954
<b>TOTAL EXPENSES</b>	<u>2,124,362</u>	<u>-</u>	<u>2,124,362</u>
<b>CHANGE IN NET ASSETS</b>	104,525	(60,177)	44,348
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>589,784</u>	<u>1,191,906</u>	<u>1,781,690</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 694,309</u>	<u>\$ 1,131,729</u>	<u>\$ 1,826,038</u>

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

**JEWISH FAMILY SERVICE OF METROWEST, INC.**  
(A Not-for-Profit Organization)

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

YEAR ENDED SEPTEMBER 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>			
<b>Public Support:</b>			
Combined Jewish Philanthropies	\$ -	\$ 533,500	\$ 533,500
United Way of Tri-County	-	185,253	185,253
Grants from private foundations	26,563	-	26,563
Contributions	158,418	374,632	533,050
Special events	284,662	-	284,662
Cost of special events	(26,310)	-	(26,310)
	<u>443,333</u>	<u>1,093,385</u>	<u>1,536,718</u>
<b>Revenue:</b>			
Adoption fees	153,532	-	153,532
Contracted homemaker services	437,166	-	437,166
Other homemaker services	185,235	-	185,235
Other service fees	39,138	-	39,138
Interest and miscellaneous	5,897	-	5,897
	<u>820,968</u>	<u>-</u>	<u>820,968</u>
<b>NET ASSETS RELEASED FROM SATISFACTION OF PROGRAM RESTRICTIONS</b>	<u>800,326</u>	<u>(800,326)</u>	<u>-</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<u>2,064,627</u>	<u>293,059</u>	<u>2,357,686</u>
<b>EXPENSES</b>			
<b>Program Services:</b>			
Adoption	272,435	-	272,435
Homemaker services	666,095	-	666,095
Elder care services	370,324	-	370,324
Other	453,813	-	453,813
<b>Supporting Services:</b>			
Fundraising	116,223	-	116,223
General and administrative	169,774	-	169,774
<b>TOTAL EXPENSES</b>	<u>2,048,664</u>	<u>-</u>	<u>2,048,664</u>
<b>CHANGE IN NET ASSETS</b>	15,963	293,059	309,022
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>573,821</u>	<u>898,847</u>	<u>1,472,668</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 589,784</u>	<u>\$ 1,191,906</u>	<u>\$ 1,781,690</u>

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



**JEWISH FAMILY SERVICE OF METROWEST, INC.**  
(A Not-for-Profit Organization)

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2011

	<u>PROGRAM SERVICES</u>					<u>SUPPORTING SERVICES</u>			
	<u>Adoption</u>	<u>Homemaker Services</u>	<u>Elder Care Services</u>	<u>Other</u>	<u>Total Program Services</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total Supporting Services</u>	<u>Total</u>
Payroll	\$ 200,016	\$ 472,779	\$ 261,246	\$ 322,913	\$ 1,256,954	\$ 80,765	\$ 120,127	\$ 200,892	\$ 1,457,846
Payroll taxes	16,170	38,221	21,120	26,105	101,616	6,529	9,711	16,240	117,856
Fringe benefits	7,131	6,606	9,314	11,513	34,564	2,880	14,533	17,413	51,977
Condo fees	11,805	27,904	15,419	19,059	74,187	4,767	7,090	11,857	86,044
Interest expense	1,938	4,581	2,531	3,129	12,179	783	1,164	1,947	14,126
Depreciation	2,753	6,507	3,596	4,444	17,300	1,112	1,653	2,765	20,065
Insurance	5,392	12,746	7,043	8,705	33,886	2,177	3,238	5,415	39,301
Grant expenses	-	-	-	48,456	48,456	-	-	-	48,456
Office expense	3,996	9,446	5,219	6,452	25,113	1,614	2,400	4,014	29,127
Travel	833	27,877	1,088	1,345	31,143	336	501	837	31,980
Advertising	275	650	359	444	1,728	111	165	276	2,004
Accounting	2,744	6,486	3,584	4,430	17,244	1,108	1,648	2,756	20,000
Adoption	14,053	-	-	-	14,053	-	-	-	14,053
Agency dues, seminars and training	2,311	5,463	3,019	3,731	14,524	933	1,388	2,321	16,845
Telephone	2,403	5,681	3,139	3,880	15,103	970	1,443	2,413	17,516
Consultants	-	-	-	11,978	11,978	-	-	-	11,978
Computer software	1,057	2,499	1,381	1,707	6,644	427	635	1,062	7,706
Equipment rental	757	1,790	989	1,223	4,759	306	455	761	5,520
Equipment maintenance & repair	935	2,211	1,222	1,510	5,878	378	562	940	6,818
Postage	518	1,224	677	836	3,255	209	311	520	3,775
Printing	616	1,456	805	995	3,872	249	370	619	4,491
Bad debt expense	-	-	-	-	-	-	50,000	50,000	50,000
Development	-	-	-	-	-	12,545	-	12,545	12,545
Professional service fees	1,727	4,082	2,256	2,788	10,853	697	1,037	1,734	12,587
Credit card merchant fees	285	285	-	-	570	5,128	-	5,128	5,698
Family Assistance Aid	-	-	-	29,714	29,714	-	-	-	29,714
Legal	700	1,654	914	1,130	4,398	283	420	703	5,101
Other programs	172	400	220	272	1,064	66	103	169	1,233
	<u>\$ 278,587</u>	<u>\$ 640,548</u>	<u>\$ 345,141</u>	<u>\$ 516,759</u>	<u>\$ 1,781,035</u>	<u>\$ 124,373</u>	<u>\$ 218,954</u>	<u>\$ 343,327</u>	<u>\$ 2,124,362</u>

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

**JEWISH FAMILY SERVICE OF METROWEST, INC.**

(A Not-for-Profit Organization)

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2010

	PROGRAM SERVICES					SUPPORTING SERVICES			
	<u>Adoption</u>	<u>Homemaker Services</u>	<u>Elder Care Services</u>	<u>Other</u>	<u>Total Program Services</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total Supporting Services</u>	<u>Total</u>
Payroll	\$ 196,426	\$ 500,524	\$ 283,727	\$ 274,997	\$ 1,255,674	\$ 77,116	\$ 122,221	\$ 199,337	\$ 1,455,011
Payroll taxes	16,560	42,197	23,920	23,184	105,861	6,501	10,304	16,805	122,666
Fringe benefits	5,738	4,371	8,288	8,033	26,430	2,252	13,820	16,072	42,502
Condo fees	10,264	26,154	14,826	14,369	65,613	4,030	6,386	10,416	76,029
Interest expense	2,102	5,355	3,036	2,942	13,435	825	1,308	2,133	15,568
Depreciation	2,591	6,602	3,742	3,627	16,562	1,017	1,612	2,629	19,191
Insurance	4,468	11,384	6,453	6,255	28,560	1,753	2,780	4,533	33,093
Grant expenses	-	-	-	43,270	43,270	-	-	-	43,270
Office expenses	3,290	8,383	4,752	4,606	21,031	1,292	2,047	3,339	24,370
Travel	1,128	25,670	1,628	1,579	30,005	443	701	1,144	31,149
Advertising	911	2,322	1,316	1,276	5,825	358	567	925	6,750
Accounting	2,700	6,880	3,900	3,780	17,260	1,060	1,680	2,740	20,000
Adoption	15,798	-	-	-	15,798	-	-	-	15,798
Agency dues, seminars, and training	2,340	5,962	3,380	3,276	14,958	918	1,456	2,374	17,332
Telephone	1,650	4,204	2,383	2,310	10,547	648	1,026	1,674	12,221
Consultants	-	-	-	4,665	4,665	-	-	-	4,665
Computer software	1,012	2,579	1,462	1,417	6,470	397	630	1,027	7,497
Equipment rental	807	2,056	1,165	1,129	5,157	317	502	819	5,976
Equipment repair	825	2,102	1,192	1,155	5,274	324	513	837	6,111
Postage	464	1,182	670	650	2,966	182	289	471	3,437
Printing	557	1,420	805	780	3,562	219	347	566	4,128
Development	-	-	-	-	-	10,948	-	10,948	10,948
Payroll service fees	2,231	5,685	3,222	3,123	14,261	876	1,388	2,264	16,525
Credit card merchant fees	257	257	-	-	514	4,623	-	4,623	5,137
Family assistance aid	-	-	-	46,949	46,949	-	-	-	46,949
Other programs	316	806	457	441	2,020	124	197	321	2,341
	<u>\$ 272,435</u>	<u>\$ 666,095</u>	<u>\$ 370,324</u>	<u>\$ 453,813</u>	<u>\$ 1,762,667</u>	<u>\$ 116,223</u>	<u>\$ 169,774</u>	<u>\$ 285,997</u>	<u>\$ 2,048,664</u>

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

**JEWISH FAMILY SERVICE OF METROWEST, INC.**  
(A Not-for-Profit Organization)

STATEMENTS OF CASH FLOWS - INDIRECT METHOD

	<u>Year Ended September 30,</u>	
	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 44,348	\$ 309,022
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	20,065	19,191
(Increase) decrease in assets:		
Accounts receivable	7,568	(47,328)
Resettlement loans receivable	(812)	(870)
Unconditional promises to give	107,319	(203,954)
Other current assets	(1,024)	(4,992)
Increase (decrease) in liabilities:		
Accounts payable	(1,255)	(752)
Accrued expenses	22,937	(18,817)
Escrow deposits	(1,339)	1,910
	<u>197,807</u>	<u>53,410</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	<u>(2,062)</u>	<u>(6,670)</u>
	<u>(2,062)</u>	<u>(6,670)</u>
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on long-term debt	<u>(23,330)</u>	<u>(21,976)</u>
	<u>(23,330)</u>	<u>(21,976)</u>
<b>NET CASH (USED) BY FINANCING ACTIVITIES</b>		
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	172,415	24,764
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>828,459</u>	<u>803,695</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 1,000,874</u></u>	<u><u>\$ 828,459</u></u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION</b>		
Cash paid during the year for:		
Interest	<u><u>\$ 14,126</u></u>	<u><u>\$ 15,568</u></u>

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

**JEWISH FAMILY SERVICE OF METROWEST, INC.**  
(A Not-for-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**NOTE 1 – BUSINESS**

**Principal Business Activity** – Jewish Family Service of Metrowest, Inc. (the “Organization”) provides charitable, education, home health, and social programs for the benefit of the Greater Metrowest community. Program services provided by the Organization are as follows:

**Adoption** – The Adoption Support and Education Program provides counseling, adoption placement, pre- and post-adoption support, and education to birth parents, adoptive parents, and children.

**Homemaker Services** – The Homemaker Services program includes a fee-based service which provides comprehensive and integrated support to elders and their families as they experience difficult life transitions.

**Elder Care Services** – Elder Care Services program offers community-based health and social programs for elders including our Healthy Partners program, and provides elder counseling, geriatric care management, and caregiver services.

**Other Programs** – Other programs and services provided by the Organization include new American refugee services and citizenship services, after school programs for children including our Reducing Achievement Gaps program, Jewish communal services, Family Emergency Assistance program, and a variety of community based social and educational services for children, adults, and families.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**

**Financial Statement Presentation** – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The presentation follows the recommendation of the Financial Accounting Standards Board in which the Agency is required to report information regarding its financial position and activities according to three classes of net assets:

**Unrestricted Net Assets** – Represent net assets that are not subject to donor-imposed stipulations and include all revenues and expenses associated with the principal mission of the Organization. The Board of Directors has discretionary control over all of these assets. The Board may elect to designate such resources for specific purposes. This designation may be removed at the Board’s direction.

**Temporarily Restricted Net Assets** – Represent net assets subject to donor-imposed or grant stipulations for specific operating or capital purposes. These assets will become unrestricted when the requirements of the donor or grantor have been satisfied either by the expenditure for the specified purpose or program or through the passage of time.

**JEWISH FAMILY SERVICE OF METROWEST, INC.**  
(A Not-for-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Permanently Restricted Net Assets** – Represent net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Investment income may be either an unrestricted or temporarily restricted resource when earned, determined according to the gift instrument.

The Organization currently has no net assets reportable as permanently restricted net assets.

**Cash and Cash Equivalents** – The Organization considers all money market funds and investments with maturities of three months or less when acquired to be cash equivalents.

During the course of the normal business cycle the Organization may, at times, maintain cash and cash equivalent balances in excess of the Federal Deposit Insurance Corporation (FDIC) limit. Cash deposits that are held in a Massachusetts bank are insured in full through a combination of insurance provided by FDIC and the Depositors Insurance Fund (DIF). Funds held in an uninsured money market fund amounted to \$16,299 at September 30, 2011.

**Accounts and Loans Receivable and Unconditional Promises to Give** – When considered necessary by management, receivables are stated net of an allowance for doubtful accounts, which would be reported on the face of the Organization's statement of financial position. The allowance is established by a provision for bad debts charged to operations. On a periodic basis, management evaluates its receivables and establishes or adjusts its allowance to an amount that it believes will be adequate to absorb possible losses on accounts that may become uncollectible, based on evaluations of the collectability of individual accounts, the Organization's history of prior loss experience and current economic conditions. Accounts are charged against the allowance when management believes that the collectability of the specific account is unlikely. At September 30, 2011 and 2010, the allowance was \$46,250 and \$20,395, respectively, and related primarily to unconditional promises to give.

**Property and Equipment** – Property and equipment are recorded at cost, if purchased, or at fair market value, if donated. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expenses as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets. Fully depreciated computer equipment totaling \$5,732 and \$43,355 were written off during September 30, 2011 and 2010, respectively.

	<u>Estimated Useful Life</u>
Building and improvements	39 Years
Office equipment and furniture	5 Years
Computers	5 Years

**JEWISH FAMILY SERVICE OF METROWEST, INC.**  
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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions, Gifts, and Grants** – The Organization records contributions, gifts, and grants as receivables and revenues and distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, collection items, or promises to give. Fund campaign contributions are recorded as revenue when the pledge is verified or received. Such contributions are considered to be available for unrestricted use unless specifically restricted by the donor or grantor. Contributions of assets other than cash are recorded at their fair value at the date of the gift. Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promissory, are recognized when the conditions on which they depend are substantially met. The Organization recognizes donated services that creates or enhances nonfinancial assets or that require specialized skills, as provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Organization records contributions, gifts and grants as contributions are reported as unrestricted net assets unless the donor has imposed stipulations that specify how the assets must be used. Assets donated with explicit restrictions and contributions of cash that must be used to acquire equipment are reported as temporarily or permanently restricted net assets. Absent donor stipulations regarding how long those donated asset must be maintained, the Organization records expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**Program Service Fees** – Revenue is recognized when services are rendered.

**Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from the estimates.

**Functional Allocation of Expenses** – The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the statements of activities and change in net assets. Accordingly, certain costs have been allocated between the program and supporting services benefited.

**Income Tax Status** – The Organization is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue code. Contributions to the agency are deductible by donors within the requirements of the Internal Revenue Code.

The Organization is required to recognize the financial statement impact of a tax position unless it is more likely than not that the position will be sustained upon examination. If applicable, the Organization recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in the operating expenses.

**JEWISH FAMILY SERVICE OF METROWEST, INC.**  
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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Currently, the tax years ended December 31, 2008, 2009 and 2010 are open and subject to examination by the Internal Revenue Service and the Massachusetts Department of Revenue. However, the Organization is not currently under audit nor has the Organization been contacted by either of these jurisdictions.

Based on the evaluation of the Organization's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended September 30, 2011.

**Compensated Absences** – An accrual for employee vacation time earned, but not taken or forfeited, is included in accrued expenses. Employees are also entitled to paid sick days off, which may be accumulated up to a maximum of 45 days. Unused sick leave in the event of termination, however, is forfeited and is not reimbursable to the employee. The Organization's policy is to recognize the cost of sick time when actually paid to employees.

**Advertising Costs** – Advertising costs are expensed as incurred and amounted to \$2,004 and \$6,750 for the years ended September 30, 2011 and 2010, respectively.

**Concentrations of Credit Risk** – The Organization receives a substantial amount of its support and revenue from state contracts and from major public support organizations. A significant reduction in the level of any of this support and revenue, if this were to occur, might have an adverse effect on the Organization's programs and activities.

The Organization also has a concentration of credit represented by cash balances in certain large commercial banks in amounts which occasionally exceed current federal deposit insurance limits. The financial stability of these institutions is continually reviewed by senior management.

**NOTE 3 – CASH – RESTRICTED AND ESCROWS**

Cash – restricted is comprised of the following at September 30:

	<u>2011</u>	<u>2010</u>
Hebrew Free Loan Fund	<u>\$ 22,000</u>	<u>\$ 19,000</u>

Cash – escrows are comprised of the following at September 30:

	<u>2011</u>	<u>2010</u>
Adoption escrows	<u>\$ 571</u>	<u>\$ 1,910</u>

**JEWISH FAMILY SERVICE OF METROWEST, INC.**  
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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**NOTE 4 – RESETTLEMENT LOANS RECEIVABLE**

Resettlement loans receivable consists of interest-free loans to individuals to fulfill a variety of emergency and personal financial needs and are due primarily within one year.

**NOTE 5 – UNCONDITIONAL PROMISES TO GIVE**

Included in unconditional promises to give is an annual allocation from Combined Jewish Philanthropies of \$543,750 and \$533,500 for September 30, 2011 and 2010, respectively. Unconditional promises to give at September 30, 2011 also included a three-year allocation of \$195,000 from United Way of Tri-County made on July 1, 2010 which is being paid monthly. The receivable from the United Way of Tri-County's allocations amounted to \$90,933 and \$169,003 at September 30, 2011 and 2010, respectively, and had been discounted at 6% in 2011 and 2010. The unamortized discount was \$4,067 and \$9,746 at September 30, 2011 and 2010, respectively. In addition, an allowance for the United Way of Tri-County receivable of \$25,000 was provided for as of September 30, 2011. No provision was deemed necessary as of September 30, 2010.

**NOTE 6 – LONG-TERM DEBT**

The Organization has a bank note that is payable in monthly installments of \$3,114 including principal and interest through January 2019. The interest rate is currently 6% and is adjustable every five years starting in 2008. The note is secured by a mortgage on the office condominium.

Maturities of long-term debt at September 30, 2011 are as follows:

2012	\$ 24,770
2013	26,298
2014	27,920
2015	29,642
2016	31,470
Thereafter	<u>81,187</u>
	<u>\$ 221,287</u>



**JEWISH FAMILY SERVICE OF METROWEST, INC.**  
(A Not-for-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**NOTE 7 – RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets consist of the following at September 30:

	<u>2011</u>	<u>2010</u>
Passage of time restrictions:		
Combined Jewish Philanthropies	\$ 551,050	\$ 540,800
United Way of Tri-County	65,933	169,003
Specific purpose restrictions:		
Adoption program	57,497	50,492
Family Emergency Assistance	128,249	129,692
Reducing Achievement Gaps	71,500	60,000
Elderly services	86,122	78,000
Jewish Communal Services	139,624	136,419
Other programs	31,754	27,500
	<u>\$ 1,131,729</u>	<u>\$ 1,191,906</u>

**NOTE 8 – NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors as follows at September 30:

Purpose of restriction accomplished:

	<u>2011</u>	<u>2010</u>
Passage of time restrictions:		
Combined Jewish Philanthropies	\$ 533,500	\$ 409,910
United Way of Tri-County	78,070	26,445
Specific purpose restrictions:		
Adoption program	20,000	13,500
Family Emergency Assistance	81,200	83,172
Reducing Achievement Gaps	66,000	82,716
Elderly services	50,269	72,870
Jewish Communal Services	80,750	88,424
Other programs	9,371	23,289
	<u>\$ 919,160</u>	<u>\$ 800,326</u>

**JEWISH FAMILY SERVICE OF METROWEST, INC.**  
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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**NOTE 9 – COMMITMENT**

The Organization owns an office condominium which provides a monthly fee for the upkeep of the building's common areas. The condominium fee is currently \$7,938 per month.

**NOTE 10 – SUBSEQUENT EVENTS**

The date to which events occurring after September 30, 2011, the date of the most recent statement of financial position, have been evaluated for possible adjustments to the financial statements is February 2, 2012, which is the date the financial statements were available to be issued.

**INDEPENDENT AUDITORS' 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

**Jewish Family Service of Metrowest, Inc.**

We have audited the financial statements of Jewish Family Service of Metrowest, Inc. (a Not-for-Profit Organization) as of and for the year ended September 30, 2011, and have issued our report thereon dated February 2, 2012. 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 Jewish Family Service of Metrowest, Inc. 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 Jewish Family Service of Metrowest, Inc. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jewish Family Service of Metrowest, Inc. 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*.



Board of Directors  
**Jewish Family Service of Metrowest, Inc.**  
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This report is intended solely for the information and use of the Board of Directors, management, and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

GRAY, GRAY & GRAY, LLP

*Gray, Gray & Gray, LLP*

February 2, 2012