

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

AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

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, 2009

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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, 2009 and 2008, 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, 2009 and 2008, 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 12, 2010, on our consideration of **Jewish Family Service of Metrowest, Inc.'s** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 12, 2010

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

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2009

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 337,060	\$ 450,635	\$ 787,695
Cash - restricted	-	16,000	16,000
Accounts receivable	79,145	7,302	86,447
Resettlement loans receivable	3,480	-	3,480
Unconditional promises to give	73,639	424,910	498,549
Other current assets	36,402	-	36,402
	<u>529,726</u>	<u>898,847</u>	<u>1,428,573</u>
TOTAL CURRENT ASSETS			
PROPERTY AND EQUIPMENT			
Office condominium and improvements	545,845	-	545,845
Furniture and equipment	61,024	-	61,024
Computer	76,713	-	76,713
	<u>683,582</u>	<u>-</u>	<u>683,582</u>
Less accumulated depreciation	(265,744)	-	(265,744)
	<u>417,838</u>	<u>-</u>	<u>417,838</u>
NET PROPERTY AND EQUIPMENT			
TOTAL ASSETS			
	<u>\$ 947,564</u>	<u>\$ 898,847</u>	<u>\$ 1,846,411</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES			
Current portion of long-term debt	\$ 21,976	\$ -	\$ 21,976
Accounts payable	4,855	-	4,855
Accrued expenses	102,295	-	102,295
	<u>129,126</u>	<u>-</u>	<u>129,126</u>
TOTAL CURRENT LIABILITIES			
LONG TERM LIABILITIES			
Long-term debt, net of current portion	244,617	-	244,617
	<u>373,743</u>	<u>-</u>	<u>373,743</u>
TOTAL LIABILITIES			
NET ASSETS			
	<u>573,821</u>	<u>898,847</u>	<u>1,472,668</u>
TOTAL LIABILITIES AND NET ASSETS			
	<u>\$ 947,564</u>	<u>\$ 898,847</u>	<u>\$ 1,846,411</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, 2008

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 275,095	\$ 287,167	\$ 562,262
Cash - restricted	-	13,000	13,000
Cash - escrows	51,664	-	51,664
Accounts receivable	189,881	-	189,881
Resettlement loans receivable	5,677	-	5,677
Unconditional promises to give	68,721	329,752	398,473
Other current assets	34,230	-	34,230
	<u>625,268</u>	<u>629,919</u>	<u>1,255,187</u>
TOTAL CURRENT ASSETS			
PROPERTY AND EQUIPMENT			
Office condominium and improvements	545,845	-	545,845
Furniture and equipment	61,024	-	61,024
Computer	59,483	-	59,483
	<u>666,352</u>	<u>-</u>	<u>666,352</u>
Less accumulated depreciation	(248,143)	-	(248,143)
	<u>418,209</u>	<u>-</u>	<u>418,209</u>
NET PROPERTY AND EQUIPMENT			
LONG TERM ASSETS			
Unconditional promises to give, long-term	-	59,425	59,425
	<u>-</u>	<u>59,425</u>	<u>59,425</u>
TOTAL ASSETS			
	<u>\$ 1,043,477</u>	<u>\$ 689,344</u>	<u>\$ 1,732,821</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES			
Current portion of long-term debt	\$ 20,699	\$ -	\$ 20,699
Accounts payable	5,032	-	5,032
Accrued expenses	76,478	-	76,478
Escrow deposits	51,664	-	51,664
	<u>153,873</u>	<u>-</u>	<u>153,873</u>
TOTAL CURRENT LIABILITIES			
LONG TERM LIABILITIES			
Long-term debt, net of current portion	266,593	-	266,593
	<u>420,466</u>	<u>-</u>	<u>420,466</u>
TOTAL LIABILITIES			
	<u>623,011</u>	<u>689,344</u>	<u>1,312,355</u>
NET ASSETS			
	<u>\$ 1,043,477</u>	<u>\$ 689,344</u>	<u>\$ 1,732,821</u>
TOTAL LIABILITIES AND NET ASSETS			

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, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Public Support:			
Combined Jewish Philanthropies	\$ -	\$ 409,910	\$ 409,910
United Way of Tri-County	-	20,000	20,000
Grants from private foundations	81,103		81,103
Contributions	147,075	457,782	604,857
Special events	255,186	-	255,186
Cost of special events	(30,445)	-	(30,445)
	<u>452,919</u>	<u>887,692</u>	<u>1,340,611</u>
Revenue:			
Adoption fees	135,229	-	135,229
Contracted homemaker services	491,318	-	491,318
Other homemaker services	318,261	-	318,261
Other service fees	74,041	-	74,041
Interest and miscellaneous	8,853	-	8,853
	<u>1,027,702</u>	<u>-</u>	<u>1,027,702</u>
NET ASSETS RELEASED FROM SATISFACTION OF PROGRAM RESTRICTIONS			
	<u>678,189</u>	<u>(678,189)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE			
	<u>2,158,810</u>	<u>209,503</u>	<u>2,368,313</u>
EXPENSES			
Program Services:			
Adoption	205,861	-	205,861
Homemaker services	882,281	-	882,281
Elder care services	384,978	-	384,978
Other	435,517	-	435,517
Supporting Services:			
Fundraising	100,131	-	100,131
General and administrative	199,232	-	199,232
	<u>2,208,000</u>	<u>-</u>	<u>2,208,000</u>
CHANGE IN NET ASSETS			
	(49,190)	209,503	160,313
NET ASSETS AT BEGINNING OF YEAR			
	<u>623,011</u>	<u>689,344</u>	<u>1,312,355</u>
NET ASSETS AT END OF YEAR			
	<u>\$ 573,821</u>	<u>\$ 898,847</u>	<u>\$ 1,472,668</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

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Public Support:			
Combined Jewish Philanthropies	\$ -	\$ 298,900	\$ 298,900
United Way of Tri-County	-	20,000	20,000
Grants from private foundations	161,067	15,851	176,918
Contributions	151,192	340,211	491,403
Special events	247,613	-	247,613
Cost of special events	(25,793)	-	(25,793)
	<u>534,079</u>	<u>674,962</u>	<u>1,209,041</u>
Revenue:			
Adoption fees	150,290	-	150,290
Contracted homemaker services	420,887	-	420,887
Other homemaker services	410,505	-	410,505
Other service fees	104,456	-	104,456
Interest and miscellaneous	13,360	-	13,360
	<u>1,099,498</u>	<u>-</u>	<u>1,099,498</u>
NET ASSETS RELEASED FROM SATISFACTION OF PROGRAM RESTRICTIONS			
	<u>730,084</u>	<u>(730,084)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE			
	<u>2,363,661</u>	<u>(55,122)</u>	<u>2,308,539</u>
EXPENSES			
Program Services:			
Adoption	211,781	-	211,781
Homemaker services	871,762	-	871,762
Elder care services	442,242	-	442,242
Other	482,615	-	482,615
Supporting Services:			
Fundraising	94,187	-	94,187
General and administrative	206,095	-	206,095
	<u>2,308,682</u>	<u>-</u>	<u>2,308,682</u>
CHANGE IN NET ASSETS			
	<u>54,979</u>	<u>(55,122)</u>	<u>(143)</u>
NET ASSETS AT BEGINNING OF YEAR			
	<u>568,032</u>	<u>744,466</u>	<u>1,312,498</u>
NET ASSETS AT END OF YEAR			
	<u>\$ 623,011</u>	<u>\$ 689,344</u>	<u>\$ 1,312,355</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, 2009

	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	\$ 147,017	\$ 667,230	\$ 295,649	\$ 297,265	\$ 1,407,161	\$ 64,623	\$ 143,786	\$ 208,409	\$ 1,615,570
Payroll taxes	13,935	63,242	28,022	28,176	133,375	6,125	13,628	19,753	153,128
Fringe benefits	3,654	6,335	7,349	7,389	24,727	1,606	13,824	15,430	40,157
Condo fees	5,728	25,994	11,518	11,581	54,821	2,518	5,602	8,120	62,941
Interest expense	1,540	6,989	3,097	3,114	14,740	677	1,506	2,183	16,923
Depreciation	1,602	7,269	3,221	3,239	15,331	704	1,566	2,270	17,601
Insurance	4,292	19,479	8,631	8,678	41,080	1,887	4,198	6,085	47,165
Grant expenses	-	-	-	46,162	46,162	-	-	-	46,162
Office expenses	2,387	10,831	4,799	4,826	22,843	1,049	2,334	3,383	26,226
Travel	870	27,443	1,752	1,762	31,827	380	852	1,232	33,059
Advertising	936	4,246	1,882	1,892	8,956	411	915	1,326	10,282
Accounting	1,840	8,353	3,701	3,721	17,615	809	1,800	2,609	20,224
Adoption	14,214	-	-	-	14,214	-	-	-	14,214
Agency dues, seminars, and training	1,403	6,369	2,822	2,838	13,432	617	1,373	1,990	15,422
Telephone	1,024	4,649	2,060	2,071	9,804	450	1,002	1,452	11,256
Consultants	-	-	-	2,272	2,272	-	-	-	2,272
Computer software	782	3,547	1,572	1,580	7,481	344	764	1,108	8,589
Equipment rental	542	2,461	1,091	1,097	5,191	238	530	768	5,959
Equipment repair	572	2,597	1,151	1,157	5,477	252	560	812	6,289
Postage	458	2,080	922	927	4,387	201	448	649	5,036
Printing	655	2,973	1,317	1,324	6,269	288	641	929	7,198
Bad debt expense	-	-	-	-	-	-	1,752	1,752	1,752
Development	-	-	-	-	-	12,192	-	12,192	12,192
Payroll service fees	994	4,510	1,999	2,009	9,512	437	972	1,409	10,921
Credit card merchant fees	211	211	-	-	422	3,795	-	3,795	4,217
Family assistance aid	882	4,004	1,774	1,784	8,444	388	863	1,251	9,695
Legal	24	107	48	48	227	10	23	33	260
Other programs	299	1,362	601	605	2,867	130	293	423	3,290
	<u>\$ 205,861</u>	<u>\$ 882,281</u>	<u>\$ 384,978</u>	<u>\$ 435,517</u>	<u>\$ 1,908,637</u>	<u>\$ 100,131</u>	<u>\$ 199,232</u>	<u>\$ 299,363</u>	<u>\$ 2,208,000</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, 2008

	<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	\$ 150,608	\$ 665,045	\$ 340,138	\$ 321,523	\$ 1,477,314	\$ 64,305	\$ 150,608	\$ 214,913	\$ 1,692,227
Payroll taxes	12,725	56,192	28,739	27,167	124,823	5,434	12,725	18,159	142,982
Fringe benefits	6,259	17,388	14,135	13,362	51,144	2,672	16,509	19,181	70,325
Condo fees	5,602	24,735	12,651	11,959	54,947	2,391	5,602	7,993	62,940
Interest expense	1,614	7,129	3,646	3,446	15,835	689	1,614	2,303	18,138
Depreciation	1,484	6,554	3,352	3,169	14,559	634	1,484	2,118	16,677
Insurance	3,751	16,563	8,471	8,008	36,793	1,602	3,751	5,353	42,146
Grant expenses	-	-	-	45,193	45,193	-	-	-	45,193
Office expenses	2,643	11,670	5,968	5,642	25,923	1,128	2,643	3,771	29,694
Travel	1,447	23,314	3,209	3,036	31,006	646	1,447	2,093	33,099
Advertising	1,011	4,462	2,282	2,157	9,912	431	1,011	1,442	11,354
Accounting	1,671	7,379	3,774	3,567	16,391	713	1,671	2,384	18,775
Adoption	15,647	-	-	-	15,647	-	-	-	15,647
Agency dues, seminars, and training	1,749	7,722	3,949	3,733	17,153	747	1,749	2,496	19,649
Telephone	1,148	5,069	2,592	2,450	11,259	490	1,148	1,638	12,897
Consultants	-	-	-	19,380	19,380	-	-	-	19,380
Computer software	448	1,976	1,011	955	4,390	191	448	639	5,029
Equipment rental	531	2,346	1,200	1,134	5,211	227	531	758	5,969
Equipment repair	577	2,545	1,302	1,230	5,654	246	576	822	6,476
Postage	426	1,882	963	910	4,181	182	426	608	4,789
Printing	823	3,636	1,860	1,758	8,077	352	823	1,175	9,252
Development	-	-	-	-	-	5,337	-	5,337	5,337
Payroll service fees	597	2,638	1,350	1,275	5,860	255	598	853	6,713
Credit card merchant fees	289	289	-	-	578	5,202	-	5,202	5,780
Legal	168	740	378	358	1,644	72	168	240	1,884
Other programs	563	2,488	1,272	1,203	5,526	241	563	804	6,330
	<u>\$ 211,781</u>	<u>\$ 871,762</u>	<u>\$ 442,242</u>	<u>\$ 482,615</u>	<u>\$ 2,008,400</u>	<u>\$ 94,187</u>	<u>\$ 206,095</u>	<u>\$ 300,282</u>	<u>\$ 2,308,682</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

	Year Ended September 30,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 160,313	\$ (143)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	17,601	16,678
(Increase) decrease in assets:		
Accounts receivable	103,434	14,303
Resettlement loans receivable	2,197	(3,991)
Unconditional promises to give	(40,651)	50,222
Other current assets	(2,172)	(14,791)
Increase (decrease) in liabilities:		
Accounts payable	(177)	3,095
Accrued expenses	25,816	(66,601)
Escrow deposits	(51,664)	(38,396)
	<u>214,697</u>	<u>(39,624)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	<u>(17,229)</u>	<u>-</u>
	<u>(17,229)</u>	<u>-</u>
NET CASH (USED) BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	<u>(20,699)</u>	<u>(19,497)</u>
	<u>(20,699)</u>	<u>(19,497)</u>
NET CASH (USED) BY FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	176,769	(59,121)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>626,926</u>	<u>686,047</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 803,695</u>	<u>\$ 626,926</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Cash paid during the year for:		
Interest	<u>\$ 16,923</u>	<u>\$ 18,138</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, 2009

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 include other services provided by the Organization such as new American refugee services, after school programs for children, 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, 2009

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.

Cash deposits in excess of the Federal Deposit Insurance Corporation's coverage limit, held at a Massachusetts bank, amounted to \$409,810 at September 30, 2009. Funds held in an uninsured money market fund amounted to \$16,281 at September 30, 2009.

Accounts and Loans Receivable – When considered necessary by management, accounts receivable 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 accounts receivable 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 collectibility 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 collectibility of the specific account is unlikely. At September 30, 2009 and 2008, the allowance was \$20,395 and \$35,395, respectively, and related primarily to private pay accounts and resettlement loans.

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.

	<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, 2009

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.

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.

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs – Advertising costs are expensed as incurred and amounted to \$10,282 and \$11,354 for the years ended September 30, 2009 and 2008, respectively.

Reclassifications – Certain reclassifications, none of which affect income, have been made to the 2008 financial statements to conform to the 2009 presentation.

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.

Recent Accounting Pronouncements – In June 2006, the FASB issued an interpretation, "*Accounting for Uncertainty in Income Taxes*". This interpretation provides detailed guidance for the financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an enterprise's financial statement. This interpretation requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. On December 30, 2008, the FASB deferred the effective implementation date of this interpretation to the Organization's annual financial statements ending on September 30, 2010 and the Organization has elected to defer application. The Organization does not expect that the adoption of this interpretation will have a material effect on its financial position, results of operations or cash flows.

In February 2008, the FASB delayed the effective date of "*Fair Value Measurements*" for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually) to fiscal years beginning after November 15, 2008. Management is currently evaluating the impact, if any, the delayed portion of Fair Value Measurements will have on the financial statements.

In June 2009, the FASB issued the FASB "*Accounting Standards Codification*" (the "Codification") which was effective for the Organization as of September 15, 2009. The Codification became the single authoritative source of accounting principles generally accepted in the United States of America. Accordingly, previous references to accounting principles generally accepted in the United States of America are no longer used by the Organization in its disclosures including these notes to the financial statements. The Codification does not affect the Organization's financial position, cash flows, or results of operations.

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

SEPTEMBER 30, 2009

NOTE 3 – CASH – RESTRICTED AND ESCROWS

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

	<u>2009</u>	<u>2008</u>
Hebrew Free Loan Fund	<u>\$ 16,000</u>	<u>\$ 13,000</u>

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

	<u>2009</u>	<u>2008</u>
Metrowest Jewish Community Fund	\$ -	\$ 50,998
Adoption escrows	<u>-</u>	<u>666</u>
	<u>\$ -</u>	<u>\$ 51,664</u>

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

Unconditional promises to give consist mainly of the annual allocation from Combined Jewish Philanthropies of \$409,910 and \$298,900 for September 30, 2009 and 2008, respectively, and a three-year allocation of \$194,470 from United Way of Tri-County which was being paid quarterly. Of the United Way of Tri-County's allocation, \$76,658 and \$137,914 was a receivable at September 30, 2009 and 2008, respectively, and has been discounted at 6%. The unamortized discount was \$3,019 and \$9,566 at September 30, 2009 and 2008, respectively.

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.

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

NOTE 6 – LONG-TERM DEBT (CONTINUED)

Maturities of long-term debt at September 30, 2009 are as follows:

		\$ 21,976
2010		23,331
2011		24,770
2012		26,298
2013		27,920
2014		142,298
Thereafter		142,298
		\$ 266,593

NOTE 7 – RESTRICTIONS ON NET ASSETS

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

	<u>2009</u>	<u>2008</u>
Passage of time restrictions:		
Combined Jewish Philanthropies	\$ 417,212	\$ 298,900
United Way of Tri-County	15,000	74,426
Specific purpose restrictions:		
Adoption program	43,827	48,500
Family Emergency Assistance	78,364	10,131
Reducing Achievement Gaps	97,716	55,792
Elderly services	91,290	100,119
Jewish Communal Services	124,688	69,422
Other programs	30,750	32,054
	\$ 898,847	\$ 689,344

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

SEPTEMBER 30, 2009

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>2009</u>	<u>2008</u>
Passage of time restrictions:		
Combined Jewish Philanthropies	\$ 298,900	\$ 275,900
United Way of Tri-County	82,445	96,486
Specific purpose restrictions:		
Adoption program	24,000	32,477
Family Emergency Assistance	38,000	520
Reducing Achievement Gaps	63,792	80,000
Elderly services	59,000	49,771
Jewish Communal Services	106,000	92,500
Other programs	<u>6,052</u>	<u>102,430</u>
	<u>\$ 678,189</u>	<u>\$ 730,084</u>

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 \$5,245 per month.

NOTE 10 – SUBSEQUENT EVENTS

The date to which events occurring after September 30, 2009, the date of the most recent statement of financial position, have been evaluated for possible adjustments to the financial statements is February 12, 2010, 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, 2009, and have issued our report thereon dated February 12, 2010. 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 the **Jewish Family Service of Metrowest, Inc.'s** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the **Jewish Family Service of Metrowest, Inc.'s** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.



Board of Directors
Jewish Family Service of Metrowest, Inc.
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Compliance and Other Matters

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

We noted certain matters that we reported to management of **Jewish Family Service of Metrowest, Inc.** in a separate letter dated February 12, 2010.

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 12, 2010