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

AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTIFICATION TO THIRD PARTY USERS OF THIS REPORT

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

AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

INDEPENDENT AUDITORS' REPORT

Board of Directors
Jewish Family Service of Metrowest, Inc.

We have audited the accompanying statements of financial statements of **Jewish Family Service of Metrowest, Inc.** (A Not-for-Profit Organization), which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of activities and changes in net assets, functional expenses, and cash flows – indirect method, for the years then ended, 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.

Auditor's Responsibility

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 the Comptroller General of the United States of America. Those standards require that we plan and perform the audits 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 auditor's 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 **Jewish Family Service of Metrowest, Inc.** as of September 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

GRAY, GRAY & GRAY, LLP

Gray, Gray & Gray, LLP

Westwood, MA
March 26, 2014

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

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2013

ASSETS

	Unrestricted	Temporarily Restricted	Total
CURRENT ASSETS			
Cash and cash equivalents	$ 531,981	$ 790,931	$ 1,322,912
Cash - restricted	-	28,800	28,800
Cash - adoption escrows	8,552	-	8,552
Accounts and loans receivable	156,989	9,100	166,089
Unconditional promises to give	-	556,733	556,733
Other current assets	46,524	-	46,524
TOTAL CURRENT ASSETS	744,046	1,385,564	2,129,610
PROPERTY AND EQUIPMENT, net of accumulated depreciation	372,041	-	372,041
OTHER ASSET			
Investments - board designated endowment fund	747,014	-	747,014
TOTAL ASSETS	$ 1,863,101	$ 1,385,564	$ 3,248,665

LIABILITIES AND NET ASSETS

	Unrestricted	Temporarily Restricted	Total
CURRENT LIABILITIES			
Accounts payable	$ 5,765	$ -	$ 5,765
Accrued expenses	108,603	-	108,603
Escrow deposits	8,552	-	8,552
TOTAL LIABILITIES	122,920	-	122,920
NET ASSETS			
Unrestricted and undesignated	621,126	-	621,126
Board designated endowment fund	747,014	-	747,014
Unrestricted property & equipment	372,041	-	372,041
Total Unrestricted Net Assets	1,740,181	-	1,740,181
Temporarily restricted, operating	-	1,385,564	1,385,564
TOTAL NET ASSETS	1,740,181	1,385,564	3,125,745
TOTAL LIABILITIES AND NET ASSETS	$ 1,863,101	$ 1,385,564	$ 3,248,665

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, 2012

ASSETS

	Unrestricted	Temporarily Restricted	Total
CURRENT ASSETS			
Cash and cash equivalents	$ 618,291	$ 630,276	$ 1,248,567
Cash - restricted	-	25,000	25,000
Cash - adoption escrows	4,767	-	4,767
Accounts and loans receivable	106,634	8,100	114,734
Unconditional promises to give	-	552,281	552,281
Other current assets	43,012	-	43,012
TOTAL CURRENT ASSETS	772,704	1,215,657	1,988,361
PROPERTY AND EQUIPMENT, net of accumulated depreciation	376,376	-	376,376
TOTAL ASSETS	$ 1,149,080	$ 1,215,657	$ 2,364,737

LIABILITIES AND NET ASSETS

	Unrestricted	Temporarily Restricted	Total
CURRENT LIABILITIES			
Current portion of long-term debt	$ 26,298	$ -	$ 26,298
Accounts payable	2,882	-	2,882
Accrued expenses	112,570	-	112,570
Escrow deposits	4,767	-	4,767
TOTAL CURRENT LIABILITIES	146,517	-	146,517
LONG-TERM LIABILITIES			
Long-term debt, net of current portion	170,219	-	170,219
TOTAL LIABILITIES	316,736	-	316,736
NET ASSETS			
Unrestricted and undesignated	455,968	-	455,968
Unrestricted property & equipment	376,376	-	376,376
Total Unrestricted Net Assets	832,344	-	832,344
Temporarily restricted, operating	-	1,215,657	1,215,657
TOTAL NET ASSETS	832,344	1,215,657	2,048,001
TOTAL LIABILITIES AND NET ASSETS	$ 1,149,080	$ 1,215,657	$ 2,364,737

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

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

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

YEAR ENDED SEPTEMBER 30, 2013

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE			
Public Support:			
Combined Jewish Philanthropies	$ -	$ 551,400	$ 551,400
United Way of Tri-County	-	803	803
Grants and contributions	1,073,150	420,742	1,493,892
Special events	357,201	-	357,201
Cost of special events	(31,284)	-	(31,284)
	1,399,067	972,945	2,372,012
Revenue:			
Adoption fees	159,140	-	159,140
Contracted homemaker services	437,580	-	437,580
Other homemaker services	56,652	-	56,652
Other service fees	44,357	-	44,357
Unrealized gain on investments	35,120	-	35,120
Investment income	11,894	-	11,894
Interest and miscellaneous income	817	-	817
	745,560	-	745,560
NET ASSETS RELEASED FROM SATISFACTION OF PROGRAM RESTRICTIONS	803,038	(803,038)	-
TOTAL PUBLIC SUPPORT AND REVENUE	2,947,665	169,907	3,117,572
EXPENSES			
Program Services:			
Adoption	251,157	-	251,157
Homemaker services	550,513	-	550,513
Elder care services	358,525	-	358,525
Other	586,764	-	586,764
Supporting Services:			
Fundraising	157,695	-	157,695
General and administrative	135,174	-	135,174
TOTAL EXPENSES	2,039,828	-	2,039,828
CHANGE IN NET ASSETS	907,837	169,907	1,077,744
NET ASSETS AT BEGINNING OF YEAR	832,344	1,215,657	2,048,001
NET ASSETS AT END OF YEAR	$ 1,740,181	$ 1,385,564	$ 3,125,745

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

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

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

YEAR ENDED SEPTEMBER 30, 2012

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE			
Public Support:			
Combined Jewish Philanthropies	$ -	$ 526,000	$ 526,000
United Way of Tri-County	-	3,264	3,264
Grants and contributions	302,967	417,410	720,377
Special events	264,047	-	264,047
Cost of special events	(26,281)	-	(26,281)
	540,733	946,674	1,487,407
Revenue:			
Adoption fees	210,705	-	210,705
Contracted homemaker services	492,482	-	492,482
Other homemaker services	67,027	-	67,027
Other service fees	26,977	-	26,977
Interest and miscellaneous income	1,295	-	1,295
	798,486	-	798,486
NET ASSETS RELEASED FROM SATISFACTION OF PROGRAM RESTRICTIONS	862,746	(862,746)	-
TOTAL PUBLIC SUPPORT AND REVENUE	2,201,965	83,928	2,285,893
EXPENSES			
Program Services:			
Adoption	303,291	-	303,291
Homemaker services	610,898	-	610,898
Elder care services	364,271	-	364,271
Other	491,422	-	491,422
Supporting Services:			
Fundraising	146,924	-	146,924
General and administrative	147,124	-	147,124
TOTAL EXPENSES	2,063,930	-	2,063,930
CHANGE IN NET ASSETS	138,035	83,928	221,963
NET ASSETS AT BEGINNING OF YEAR	694,309	1,131,729	1,826,038
NET ASSETS AT END OF YEAR	$ 832,344	$ 1,215,657	$ 2,048,001

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, 2013

	PROGRAM SERVICES					SUPPORTING SERVICES			
	Adoption	Homemaker Services	Elder Care Services	Other	Total Program Services	Fundraising	General and Administrative	Total Supporting Services	Total
Payroll	$ 179,752	$ 397,720	$ 260,429	$ 382,151	$ 1,220,052	$ 98,369	$ 96,953	$ 195,322	$ 1,415,374
Payroll taxes	13,800	30,534	19,994	29,338	93,666	7,552	7,444	14,996	108,662
Fringe benefits	6,107	13,513	8,849	12,984	41,453	3,342	3,294	6,636	48,089
Condo fees	12,098	26,767	17,527	25,719	82,111	6,620	6,525	13,145	95,256
Interest expense	390	864	566	830	2,650	214	210	424	3,074
Depreciation	2,922	6,466	4,234	6,213	19,835	1,599	1,576	3,175	23,010
Insurance	5,003	11,069	7,248	10,635	33,955	2,737	2,698	5,435	39,390
Grant expenses	-	-	8,460	34,751	43,211	-	-	-	43,211
Office expense	3,322	7,351	4,814	7,063	22,550	1,818	1,792	3,610	26,160
Travel	1,708	19,699	2,486	3,627	27,520	940	931	1,871	29,391
Advertising	239	527	345	507	1,618	131	128	259	1,877
Accounting	2,540	5,620	3,680	5,400	17,240	1,390	1,370	2,760	20,000
Adoption	9,543	-	-	-	9,543	-	-	-	9,543
Agency dues, seminars and training	2,120	4,692	3,072	4,508	14,392	1,160	1,144	2,304	16,696
Telephone	2,148	4,753	3,112	4,566	14,579	1,175	1,159	2,334	16,913
Consultants	3,480	7,699	5,041	7,398	23,618	1,904	1,877	3,781	27,399
Computer software	996	2,203	1,442	2,117	6,758	545	537	1,082	7,840
Equipment rental	637	1,409	923	1,354	4,323	349	344	693	5,016
Equipment maintenance & repair	692	1,531	1,002	1,471	4,696	379	373	752	5,448
Postage	459	1,016	665	977	3,117	251	248	499	3,616
Printing	614	1,359	890	1,306	4,169	336	332	668	4,837
Bad debt expense	-	-	-	-	-	-	4,845	4,845	4,845
Development	-	-	-	-	-	25,469	-	25,469	25,469
Professional service fees	1,800	3,981	2,607	3,825	12,213	985	970	1,955	14,168
Credit card merchant fees	653	1,444	946	1,388	4,431	357	352	709	5,140
Family Assistance Aid	-	-	-	38,352	38,352	-	-	-	38,352
Other programs	134	296	193	284	907	73	72	145	1,052
	$ 251,157	$ 550,513	$ 358,525	$ 586,764	$ 1,746,959	$ 157,695	$ 135,174	$ 292,869	$ 2,039,828

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, 2012

	PROGRAM SERVICES					SUPPORTING SERVICES			
	Adoption	Homemaker Services	Elder Care Services	Other	Total Program Services	Fundraising	General and Administrative	Total Supporting Services	Total
Payroll	$ 215,802	$ 452,698	$ 269,789	$ 331,300	$ 1,269,589	$ 103,992	$ 101,485	$ 205,477	$ 1,475,066
Payroll taxes	16,634	34,895	20,796	25,537	97,862	8,016	7,823	15,839	113,701
Fringe benefits	7,450	7,248	9,313	11,437	35,448	3,590	11,883	15,473	50,921
Condo fees	13,936	29,234	17,422	21,394	81,986	6,716	6,554	13,270	95,256
Interest expense	1,863	3,907	2,329	2,859	10,958	898	876	1,774	12,732
Depreciation	3,030	6,356	3,788	4,651	17,825	1,460	1,425	2,885	20,710
Insurance	5,301	11,121	6,628	8,139	31,189	2,555	2,493	5,048	36,237
Grant expenses	-	-	9,398	41,986	51,384	-	-	-	51,384
Office expense	3,760	7,887	4,700	5,772	22,119	1,812	1,768	3,580	25,699
Travel	720	25,342	912	1,122	28,096	352	352	704	28,800
Advertising	20	43	26	31	120	10	10	20	140
Accounting	2,926	6,138	3,658	4,492	17,214	1,410	1,376	2,786	20,000
Adoption	19,440	-	-	-	19,440	-	-	-	19,440
Agency dues, seminars and training	2,243	4,705	2,804	3,443	13,195	1,081	1,055	2,136	15,331
Telephone	2,761	5,792	3,452	4,239	16,244	1,330	1,298	2,628	18,872
Consultants	1,046	2,195	1,308	1,607	6,156	504	492	996	7,152
Computer software	1,162	2,437	1,453	1,784	6,836	560	546	1,106	7,942
Equipment rental	771	1,617	963	1,183	4,534	371	362	733	5,267
Equipment maintenance & repair	596	1,251	745	915	3,507	287	280	567	4,074
Postage	651	1,366	814	1,000	3,831	314	306	620	4,451
Printing	351	737	439	540	2,067	169	165	334	2,401
Bad debt expense	-	-	-	-	-	-	4,515	4,515	4,515
Development	-	-	-	-	-	10,135	-	10,135	10,135
Professional service fees	1,854	3,889	2,318	2,846	10,907	893	872	1,765	12,672
Credit card merchant fees	877	1,839	1,096	1,346	5,158	422	412	834	5,992
Family Assistance Aid	-	-	-	13,651	13,651	-	-	-	13,651
Legal	-	-	-	-	-	-	730	730	730
Other programs	97	201	120	148	566	47	46	93	659
	$ 303,291	$ 610,898	$ 364,271	$ 491,422	$ 1,769,882	$ 146,924	$ 147,124	$ 294,048	$ 2,063,930

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, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,077,744	$ 221,963
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	23,010	20,710
Unrealized gain on investments	(35,120)	-
Investment income reinvested	(11,894)	-
(Increase) decrease in assets:		
Accounts and loans receivable	(51,355)	16,635
Unconditional promises to give	(4,452)	42,903
Other current assets	(3,512)	(594)
Increase (decrease) in liabilities:		
Accounts payable	2,883	34
Accrued expenses	(3,967)	6,155
Escrow deposits	3,785	4,196
NET CASH PROVIDED BY OPERATING ACTIVITIES	997,122	312,002
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(700,000)	-
Capital expenditures	(18,675)	(9,772)
NET CASH (USED) BY INVESTING ACTIVITIES	(718,675)	(9,772)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(196,517)	(24,770)
NET CASH (USED) BY FINANCING ACTIVITIES	(196,517)	(24,770)
NET INCREASE IN CASH AND CASH EQUIVALENTS	81,930	277,460
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,278,334	1,000,874
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,360,264	$ 1,278,334
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Cash paid during the year for:		
Interest	$ 3,074	$ 12,732

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

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 and Patient Navigator programs, 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.

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.

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.

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). Cash deposits in excess of the FDIC limit amounted to $377,801 and $0 at September 30, 2013 and 2012, respectively. Funds held in an uninsured money market fund amounted to $24,527 and $16,301 at September 30, 2013 and 2012, respectively.

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, 2013 and 2012, the allowance was $8,750 and $27,500, 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 furniture and computer equipment totaling $8,724 and $3,486 were written off during September 30, 2013 and 2012, respectively

	Estimated Useful Life
Building and improvements	39 Years
Office equipment and furniture	5 Years
Computers	5 Years

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Investment Income – The Organization owns a limited partnership interest in the Jewish Community Endowment Pool which utilizes a pooled-investment fund basis for managing its investments. Investments are recorded at fair value as reported by the Jewish Community Endowment Pool.

Investments, excluding non-marketable alternatives, are reported at fair value, as established by the major securities markets. Non-marketable alternatives (investments for which there may not be a value established by major security markets) are carried at estimated fair values based upon the most recent financial information provided by the general partners, which in certain circumstances is June 30, updated for cash receipts or additional investments through September 30. The Organization does not consider the change in fair value for these funds for the period July 1 through September 30 to be material. Investments also include certain cash and cash equivalents that are held by various investment managers on the Organization's behalf. The Organization's investments include marketable alternatives and partnerships, which invest in derivative and hedging instruments. Purchases and sales of securities are recorded on trade dates, and realized gains and losses are determined on the basis of the average cost of securities sold.

Non-marketable alternatives, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of alternative investment securities will occur in the near term and those changes could materially affect the amounts reported in the statements of financial position and statements of activities. Management has reviewed the risk associated with these investments and has determined it is not material to the Organization as of September 30, 2013.

Investment income and unrealized gains are reflected in the statement of activities. Investment income from unrestricted investments is reported as unrestricted revenue. Investment income is re-invested in the investment account.

Fair Value Measurements – FASB's, Accounting Standards Codification (ASC) 820, "Fair Value Measurements and Disclosures", provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Level 2 – inputs to the valuation methodology include:

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

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

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

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset's or liability's fair level within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

Currently, the tax years ended September 30, 2010, 2011 and 2012 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 years ended September 30, 2013 and 2012, respectively.

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 $1,877 and $140 for the years ended September 30, 2013 and 2012, 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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization has a concentration of credit risk 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. In addition, the Organization has a concentration of credit risk represented by the investment in the Jewish Community Endowment Pool, LLP. The investment is monitored by two senior volunteer committees of the Organization's Board of Directors: the Budget and Finance Committee and the Investment Committee.

Reclassifications – Certain reclassifications have been made, none of which affect change in net assets, to the 2012 financial statements to conform to the 2013 presentation.

NOTE 3 – CASH – RESTRICTED AND ESCROWS

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

	2013	2012
Hebrew Free Loan Fund	$ 28,800	$ 25,000

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

	2013	2012
Adoption escrows	$ 8,552	$ 4,767

NOTE 4 – RESETTLEMENT LOANS RECEIVABLE

Resettlement loans of $3,722 and $4,072 are included in accounts and loans receivable at September 30, 2013 and 2012, respectively. The resettlement loans consist 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 – PROPERTY AND EQUIPMENT

The cost and related accumulated depreciation and amortization of property and equipment as of September 30:

	2013	2012
Building and improvements	$ 545,845	$ 545,845
Office equipment and furniture	63,700	61,024
Computers	49,918	42,643
	659,463	649,512
Less Accumulated depreciation	287,422	273,136
	$ 372,041	$ 376,376

NOTE 6 – UNCONDITIONAL PROMISES TO GIVE

Included in unconditional promises to give is an annual allocation from Combined Jewish Philanthropies of $551,400 and $526,000 for September 30, 2013 and 2012, respectively. Unconditional promises to give at September 30, 2013 and 2012 also included a three-year allocation of $195,000 from United Way of Tri-County made on July 1, 2010 which was being paid monthly. The receivable from the United Way of Tri-Country's allocations amounted to $3,333 and $29,197 at September 30, 2013 and 2012, respectively, and had been discounted at 6% in 2013 and 2012. The unamortized discount was $0 and $803 at September 30, 2013 and 2012, respectively. In addition, an allowance for the United Way of Tri-County receivable of $0 and $18,750 was provided for as of September 30, 2013 and 2012, respectively.

NOTE 7 – LONG-TERM DEBT

The Organization had a bank note that was payable in monthly installments of $3,114 including principal and interest through January 2019. The interest rate was 6% at September 30, 2012 and was adjustable every five years starting in 2008. The note was secured by a mortgage on the office condominium. The note was paid in full on December 27, 2012.

NOTE 8 – RELATED PARTY TRANSACTIONS

Commencing April 1, 2012, the Organization was engaged to manage the building in which they own an office condominium. The management agreement provides for a monthly fee of $1,667 and shall continue until it is terminated by the Condominium Trust or the Organization. Management fees paid to the Organization amounted to $17,500 during 2013 and $7,500 during 2012.

The Organization's office condominium requires a monthly fee to be paid for the upkeep of the building's common areas. The condominium fee is currently $7,938 per month.

NOTE 9 – COMMITMENTS

The Organization leases office equipment under operating leases through January 2017. The monthly payments range from $389 to $1,024. Rent expense amounted to $14,165 and $19,281 for year ended September 30, 2013 and 2012, respectively.

The future minimum rent payments are as follows:

2014	$ 12,054
2015	9,174
2016	7,618
2017	7,618
	$ 36,464

The Chief Executive Officer (CEO) has an Employment Contract through September 30, 2016, with a three-year extension option. The Contract provides for a 5% annual salary increase in 2014, a 4% annual salary increase in 2015 and 2016 and then re-determined for the following three-year extension period. If the CEO is terminated without just cause, he is entitled to twelve months salary plus health insurance.

NOTE 10 – RESTRICTIONS ON NET ASSETS

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

	2013	2012
Passage of time restrictions:		
Combined Jewish Philanthropies	$ 560,500	$ 534,100
United Way of Tri-County	-	22,947
Specific purpose restrictions:		
Adoption program	123,360	94,329
Family Emergency Assistance	186,935	160,151
Reducing Achievement Gaps	187,010	97,495
Elderly services	155,532	144,107
Jewish Communal Services	124,394	110,694
Other programs	47,833	51,834
	$ 1,385,564	$ 1,215,657

NOTE 11 – 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:

	2013	2012
Passage of time restrictions:		
Combined Jewish Philanthropies	$ 526,000	$ 543,750
United Way of Tri-County	24,553	42,986
Specific purpose restrictions:		
Adoption program	5,356	9,000
Family Emergency Assistance	42,861	60,000
Reducing Achievement Gaps	75,751	67,261
Elderly services	79,098	77,025
Jewish Communal Services	41,400	53,000
Other programs	8,019	9,724
	$ 803,038	$ 862,746

NOTE 12 – INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at September 30, 2013:

	(Level 1)	(Level 2)	(Level 3)	Total
Limited partnership interest in Jewish Community Endowment Pool, LLP	$ -	$ -	$ 747,014	$ 747,014

The following table sets forth a summary of the changes in the fair value of the Organization's level 3 assets for the period ended September 30, 2013:

Purchases	$ 700,000
Reinvested interest and dividends	1,417
Net realized gain (loss)	12,382
Net change in unrealized appreciation (depreciation)	35,120
Investment fees	(1,905)
Ending balance, September 30, 2013	$ 747,014

The fair value of Level 3 investments is comprised of investments whose values were determined by the underlying net asset values provided by managers of the Jewish Community Endowment Pool, LLP.

Although the Organization believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Estimated values may differ significantly from the values that would have been used had a readily available market for such instruments existed, or had such instruments been liquidated. These differences could be material to the financial statements.

NOTE 13 – ENDOWMENT NET ASSETS

The Organization's endowment net assets include funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Effective June 30, 2009, Massachusetts adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). In February 2013, the Organization's Board of Director's adopted an endowment investment and spending policy that is structured in a manner consistent with Massachusetts UPMIFA.

NOTE 13 – ENDOWMENT NET ASSETS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy to maintain sufficient liquidity to fund amounts approved by the Board of Directors for the Organization's annual operating budget. In establishing this policy, the Organization considered the long-term expected return on its endowment.

Endowment Investment Policy

The Organization has adopted investment and spending policies for endowment net assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that over time will average the level of approved Organization endowment spending rate plus inflation. Actual results in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Jewish Family Service of Metrowest, Inc. employs a strategy designed to achieve a real return over consecutive rolling five-year periods of 5% over inflation with significant diversification to reduce volatility. The Organization has adopted this strategy in order to protect against potential market declines in the future and to provide a predictable flow of funds to support operations.

Changes in endowment net assets for the year ended September 30, 2013 consisted of the following:

	Board-Designated	Temporarily Restricted	Permanently Restricted	Total
Contributions	$ 700,000	$ -	$ -	$ 700,000
Investment return:				
Interest and dividends	1,417	-	-	1,417
Realized gain on endowment	12,382	-	-	12,382
Unrealized gain on endowment	35,120	-	-	35,120
Investment fees and expenses	(1,905)	-	-	(1,905)
Total investment return	47,014	-	-	47,014
Endowment net assets, end of year	$ 747,014	$ -	$ -	$ 747,014

NOTE 13 – ENDOWMENT NET ASSETS (CONTINUED)

Endowment net asset composition by type of fund as of September 30, 2013 consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated	$ 747,014	$ -	$ -	$ 747,014

NOTE 14 – SUBSEQUENT EVENTS

The date to which events occurring after September 30, 2013, the date of the most recent statement of financial position, have been evaluated for possible adjustments to the financial statements is March 26, 2014, which is the date the financial statements were available to be issued.