

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

AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

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, 2010

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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, 2010 and 2009, 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, 2010 and 2009, 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 10, 2011, 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 10, 2011

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>
CURRENT ASSETS			
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
	<u>518,575</u>	<u>1,087,903</u>	<u>1,606,478</u>
TOTAL CURRENT ASSETS			
PROPERTY AND EQUIPMENT			
Office condominium and improvements	545,845	-	545,845
Furniture and equipment	61,024	-	61,024
Computer	40,028	-	40,028
	<u>646,897</u>	<u>-</u>	<u>646,897</u>
Less accumulated depreciation	(241,580)	-	(241,580)
	<u>405,317</u>	<u>-</u>	<u>405,317</u>
NET PROPERTY AND EQUIPMENT			
LONG-TERM ASSETS			
Unconditional promises to give, long-term	-	104,003	104,003
	<u>-</u>	<u>104,003</u>	<u>104,003</u>
TOTAL ASSETS			
	<u>\$ 923,892</u>	<u>\$ 1,191,906</u>	<u>\$ 2,115,798</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES			
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
	<u>112,822</u>	<u>-</u>	<u>112,822</u>
TOTAL CURRENT LIABILITIES			
LONG-TERM LIABILITIES			
Long-term debt, net of current portion	221,286	-	221,286
	<u>221,286</u>	<u>-</u>	<u>221,286</u>
TOTAL LIABILITIES			
	<u>334,108</u>	<u>-</u>	<u>334,108</u>
NET ASSETS			
	<u>589,784</u>	<u>1,191,906</u>	<u>1,781,690</u>
TOTAL LIABILITIES AND NET ASSETS			
	<u>\$ 923,892</u>	<u>\$ 1,191,906</u>	<u>\$ 2,115,798</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, 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 ACTIVITIES AND CHANGE IN NET ASSETS

YEAR ENDED SEPTEMBER 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Public Support:			
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	285,484	-	285,484
Cost of special events	(27,132)	-	(27,132)
	<u>443,333</u>	<u>1,093,385</u>	<u>1,536,718</u>
Revenue:			
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>
NET ASSETS RELEASED FROM SATISFACTION OF PROGRAM RESTRICTIONS	<u>800,326</u>	<u>(800,326)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>2,064,627</u>	<u>293,059</u>	<u>2,357,686</u>
EXPENSES			
Program Services:			
Adoption	272,435	-	272,435
Homemaker services	666,095	-	666,095
Elder care services	370,324	-	370,324
Other	453,813	-	453,813
Supporting Services:			
Fundraising	116,223	-	116,223
General and administrative	169,774	-	169,774
TOTAL EXPENSES	<u>2,048,664</u>	<u>-</u>	<u>2,048,664</u>
CHANGE IN NET ASSETS	15,963	293,059	309,022
NET ASSETS AT BEGINNING OF YEAR	<u>573,821</u>	<u>898,847</u>	<u>1,472,668</u>
NET ASSETS AT END OF YEAR	<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 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
TOTAL EXPENSES	<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 FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2010

	<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	\$ 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)

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)

STATEMENTS OF CASH FLOWS - INDIRECT METHOD

	Year Ended September 30,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 309,022	\$ 160,313
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	19,191	17,601
(Increase) decrease in assets:		
Accounts receivable	(47,328)	103,434
Resettlement loans receivable	(870)	2,197
Unconditional promises to give	(203,954)	(40,651)
Other current assets	(4,992)	(2,172)
Increase (decrease) in liabilities:		
Accounts payable	(752)	(177)
Accrued expenses	(18,817)	25,816
Escrow deposits	1,910	(51,664)
NET CASH PROVIDED BY OPERATING ACTIVITIES	53,410	214,697
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(6,670)	(17,229)
NET CASH (USED) BY INVESTING ACTIVITIES	(6,670)	(17,229)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(21,976)	(20,699)
NET CASH (USED) BY FINANCING ACTIVITIES	(21,976)	(20,699)
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,764	176,769
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	803,695	626,926
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 828,459	\$ 803,695
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Cash paid during the year for:		
Interest	\$ 15,568	\$ 16,923

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, 2010

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, 2010

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 \$16,295 at September 30, 2010.

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, 2010 and 2009, the allowance was \$20,395 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. Fully depreciated computer equipment totaling \$43,355 were written off during September 30, 2010.

	<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.
(A Not-for-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

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.
(A Not-for-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Currently, the tax years ended December 31, 2007, 2008 and 2009 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, 2010.

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 \$6,750 and \$10,282 for the years ended September 30, 2010 and 2009, 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>2010</u>	<u>2009</u>
Hebrew Free Loan Fund	<u>\$ 19,000</u>	<u>\$ 16,000</u>

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

	<u>2010</u>	<u>2009</u>
Adoption escrows	<u>\$ 1,910</u>	<u>\$ -</u>

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

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 \$533,500 and \$409,910 for September 30, 2010 and 2009, respectively. Unconditional promises to give at September 30, 2010 also included a three-year allocation of \$195,000 from United Way of Tri-County which is being paid monthly. Unconditional promises to give at September 30, 2009 included the final year of a three-year allocation of \$194,470 from United Way of Tri-County, which was being paid monthly. The receivable from the United Way of Tri-County's allocations amounted to \$169,003 and \$73,639 at September 30, 2010 and 2009, respectively, and had been discounted at 6% and 4%, respectively. The unamortized discount was \$9,746 and \$3,019 at September 30, 2010 and 2009, 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.

Maturities of long-term debt at September 30, 2010 are as follows:

2011	\$ 23,331
2012	24,770
2013	26,298
2014	27,920
2015	29,642
Thereafter	<u>112,656</u>
	<u>\$ 244,617</u>

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 7 – RESTRICTIONS ON NET ASSETS

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

	<u>2010</u>	<u>2009</u>
Passage of time restrictions:		
Combined Jewish Philanthropies	\$ 540,800	\$ 417,212
United Way of Tri-County	169,003	15,000
Specific purpose restrictions:		
Adoption program	50,492	43,827
Family Emergency Assistance	129,692	78,364
Reducing Achievement Gaps	60,000	97,716
Elderly services	78,000	91,290
Jewish Communal Services	136,419	124,688
Other programs	<u>27,500</u>	<u>30,750</u>
	<u>\$ 1,191,906</u>	<u>\$ 898,847</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>2010</u>	<u>2009</u>
Passage of time restrictions:		
Combined Jewish Philanthropies	\$ 409,910	\$ 298,900
United Way of Tri-County	26,445	82,445
Specific purpose restrictions:		
Adoption program	13,500	24,000
Family Emergency Assistance	83,172	38,000
Reducing Achievement Gaps	82,716	63,792
Elderly services	72,870	59,000
Jewish Communal Services	88,424	106,000
Other programs	<u>23,289</u>	<u>6,052</u>
	<u>\$ 800,326</u>	<u>\$ 678,189</u>

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

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 \$5,890 per month.

NOTE 10 – SUBSEQUENT EVENTS

The date to which events occurring after September 30, 2010, the date of the most recent statement of financial position, have been evaluated for possible adjustments to the financial statements is February 10, 2011, 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, 2010, and have issued our report thereon dated February 10, 2011. 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 *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 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 the 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 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*.



Board of Directors
Jewish Family Service of Metrowest, Inc.

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We noted certain other matters that we reported to management of **Jewish Family Service of Metrowest, Inc.** in a separate letter dated February 10, 2011.

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 10, 2011