

JEWISH FAMILY SERVICE OF METROWEST, INC.

(A Not-for-Profit Organization)

Audited Financial Statements

September 30, 2016 and 2015

NOTIFICATION TO THIRD PARTY USERS OF THIS REPORT

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JEWISH FAMILY SERVICE OF METROWEST, INC.

(A Not-for-Profit Organization)

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INDEPENDENT AUDITORS' REPORT

Board of Directors

Jewish Family Service of Metrowest, Inc.
(A Not-for-Profit Organization)

We have audited the accompanying 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, 2016 and 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows, 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.

Auditors' 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.** (A Not-for-Profit Organization) as of September 30, 2016 and 2015, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2017, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Jewish Family Service of Metrowest, Inc.'s** internal control over financial reporting and compliance.

GRAY, GRAY & GRAY, LLP

A handwritten signature in black ink that reads "Gray, Gray & Gray, LLP". The signature is written in a cursive, flowing style.

Canton, MA
June 15, 2017

JEWISH FAMILY SERVICE OF METROWEST, INC.

(A Not-for-Profit Organization)

STATEMENT OF FINANCIAL POSITION

September 30, 2016

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 842,042	\$ 1,123,225	\$ 1,965,267
Cash - restricted	-	40,200	40,200
Cash - adoption escrows	4,941	-	4,941
Accounts and loans receivable	126,829	9,100	135,929
Unconditional promises to give	6,117	686,000	692,117
Other current assets	35,693	-	35,693
TOTAL CURRENT ASSETS	<u>1,015,622</u>	<u>1,858,525</u>	<u>2,874,147</u>
PROPERTY AND EQUIPMENT , net of accumulated depreciation	<u>335,637</u>	-	<u>335,637</u>
OTHER ASSET			
Investments - board designated endowment fund	<u>921,422</u>	-	<u>921,422</u>
TOTAL ASSETS	<u>\$ 2,272,681</u>	<u>\$ 1,858,525</u>	<u>\$ 4,131,206</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 5,781	\$ -	\$ 5,781
Accrued expenses	157,711	-	157,711
Escrow deposits	4,941	-	4,941
TOTAL LIABILITIES	<u>168,433</u>	-	<u>168,433</u>
NET ASSETS			
Unrestricted and undesignated	847,189	-	847,189
Board designated endowment fund	921,422	-	921,422
Unrestricted property and equipment	335,637	-	335,637
Total Unrestricted Net Assets	<u>2,104,248</u>	-	<u>2,104,248</u>
Temporarily restricted, operating	-	<u>1,858,525</u>	<u>1,858,525</u>
TOTAL NET ASSETS	<u>2,104,248</u>	<u>1,858,525</u>	<u>3,962,773</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,272,681</u>	<u>\$ 1,858,525</u>	<u>\$ 4,131,206</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, 2015****ASSETS**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 617,259	\$ 1,085,287	\$ 1,702,546
Cash - restricted	-	36,400	36,400
Cash - adoption escrows	1,863	-	1,863
Accounts and loans receivable	118,166	9,100	127,266
Unconditional promises to give	9,190	686,004	695,194
Other current assets	48,401	-	48,401
TOTAL CURRENT ASSETS	<u>794,879</u>	<u>1,816,791</u>	<u>2,611,670</u>
PROPERTY AND EQUIPMENT , net of accumulated depreciation	<u>358,937</u>	<u>-</u>	<u>358,937</u>
OTHER ASSET			
Investments - board designated endowment fund	<u>864,247</u>	<u>-</u>	<u>864,247</u>
TOTAL ASSETS	<u>\$ 2,018,063</u>	<u>\$ 1,816,791</u>	<u>\$ 3,834,854</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 8,859	\$ -	\$ 8,859
Accrued expenses	128,699	-	128,699
Escrow deposits	1,863	-	1,863
TOTAL LIABILITIES	<u>139,421</u>	<u>-</u>	<u>139,421</u>
NET ASSETS			
Unrestricted and undesignated	655,458	-	655,458
Board designated endowment fund	864,247	-	864,247
Unrestricted property and equipment	358,937	-	358,937
Total Unrestricted Net Assets	1,878,642	-	1,878,642
Temporarily restricted, operating	<u>-</u>	<u>1,816,791</u>	<u>1,816,791</u>
TOTAL NET ASSETS	<u>1,878,642</u>	<u>1,816,791</u>	<u>3,695,433</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,018,063</u>	<u>\$ 1,816,791</u>	<u>\$ 3,834,854</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, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Public Support:			
Combined Jewish Philanthropies	\$ -	\$ 686,000	\$ 686,000
Grants and contributions	232,599	682,438	915,037
Special events	387,942	46,966	434,908
Cost of special events	(34,380)	-	(34,380)
	<u>586,161</u>	<u>1,415,404</u>	<u>2,001,565</u>
Revenue:			
Adoption fees	110,001		110,001
Contracted homemaker services	498,745	-	498,745
Other homemaker services	48,782	-	48,782
Other service fees	93,647	-	93,647
Unrealized gain on investments	21,446	-	21,446
Investment income net of related fees	35,729	-	35,729
Interest and miscellaneous income	2,082	-	2,082
	<u>810,432</u>	<u>-</u>	<u>810,432</u>
NET ASSETS RELEASED FROM SATISFACTION OF PROGRAM RESTRICTIONS	<u>1,373,670</u>	<u>(1,373,670)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>2,770,263</u>	<u>41,734</u>	<u>2,811,997</u>
EXPENSES			
Program Services:			
Homecare and elder services	1,136,223	-	1,136,223
Immigrant and youth services	351,837	-	351,837
Jewish family assistance	409,394	-	409,394
Other services	309,847	-	309,847
Supporting Services:			
Fundraising	151,049	-	151,049
General and administrative	186,307	-	186,307
TOTAL EXPENSES	<u>2,544,657</u>	<u>-</u>	<u>2,544,657</u>
CHANGE IN NET ASSETS	225,606	41,734	267,340
NET ASSETS AT BEGINNING OF YEAR	<u>1,878,642</u>	<u>1,816,791</u>	<u>3,695,433</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,104,248</u>	<u>\$ 1,858,525</u>	<u>\$ 3,962,773</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, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Public Support:			
Combined Jewish Philanthropies	\$ -	\$ 686,004	\$ 686,004
Grants and contributions	195,224	799,902	995,126
Special events	381,039	50,232	431,271
Cost of special events	<u>(38,535)</u>	<u>-</u>	<u>(38,535)</u>
	<u>537,728</u>	<u>1,536,138</u>	<u>2,073,866</u>
Revenue:			
Adoption fees	93,535	-	93,535
Contracted homemaker services	496,993	-	496,993
Other homemaker services	46,468	-	46,468
Other service fees	65,984	-	65,984
Unrealized loss on investments	(47,033)	-	(47,033)
Investment income net of related fees	16,472	-	16,472
Interest and miscellaneous income	<u>798</u>	<u>-</u>	<u>798</u>
	<u>673,217</u>	<u>-</u>	<u>673,217</u>
NET ASSETS RELEASED FROM SATISFACTION OF PROGRAM RESTRICTIONS	<u>1,313,942</u>	<u>(1,313,942)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>2,524,887</u>	<u>222,196</u>	<u>2,747,083</u>
EXPENSES			
Program Services:			
Homecare and elder services	931,505	-	931,505
Immigrant and youth services	371,467	-	371,467
Jewish family assistance	317,951	-	317,951
Other services	392,469	-	392,469
Supporting Services:			
Fundraising	158,629	-	158,629
General and administrative	<u>175,375</u>	<u>-</u>	<u>175,375</u>
TOTAL EXPENSES	<u>2,347,396</u>	<u>-</u>	<u>2,347,396</u>
CHANGE IN NET ASSETS	177,491	222,196	399,687
NET ASSETS AT BEGINNING OF YEAR	<u>1,701,151</u>	<u>1,594,595</u>	<u>3,295,746</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,878,642</u>	<u>\$ 1,816,791</u>	<u>\$ 3,695,433</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, 2016

	PROGRAM SERVICES					SUPPORTING SERVICES			
	Homecare and Elder Services	Immigrant and Youth Services	Jewish Family Assistance	Other Services	Total Program Services	Fundraising	General and Administrative	Total Supporting Services	Total
Payroll	\$ 828,921	\$ 193,699	\$ 235,060	\$ 207,996	\$ 1,465,676	\$ 99,062	\$ 137,357	\$ 236,419	\$ 1,702,095
Payroll taxes	60,978	14,249	17,292	15,301	107,820	7,287	10,104	17,391	125,211
Fringe benefits	23,445	5,478	6,648	5,883	41,454	2,802	3,885	6,687	48,141
Condo fees	45,047	10,526	12,774	11,303	79,650	5,383	7,465	12,848	92,498
Interest expense	14	3	4	3	24	2	2	4	28
Depreciation	13,995	3,270	3,969	3,512	24,746	1,673	2,319	3,992	28,738
Insurance	20,084	4,693	5,695	5,040	35,512	2,400	3,328	5,728	41,240
Grant expenses	8,148	93,522	18,111	17,455	137,236	-	-	-	137,236
Office expense	20,453	4,780	5,800	5,131	36,164	2,442	3,390	5,832	41,996
Travel	22,634	-	5,203	4,603	32,440	2,193	3,040	5,233	37,673
Advertising	3,542	828	1,004	890	6,264	423	587	1,010	7,274
Accounting	10,957	2,561	3,107	2,752	19,377	1,310	1,816	3,126	22,503
Adoption	-	-	-	10,386	10,386	-	-	-	10,386
Agency dues, seminars and training	10,274	2,401	2,913	2,580	18,168	1,228	1,702	2,930	21,098
Telephone	10,793	2,522	3,060	2,710	19,085	1,290	1,788	3,078	22,163
Consultants	17,820	4,164	5,053	4,475	31,512	2,130	2,953	5,083	36,595
Computer software	17,149	4,007	4,863	4,307	30,326	2,049	2,842	4,891	35,217
Equipment rental	3,102	725	880	779	5,486	371	514	885	6,371
Equipment maintenance & repair	34	8	10	9	61	4	6	10	71
Postage	1,557	364	421	394	2,736	186	258	444	3,180
Printing	3,979	930	1,128	999	7,036	476	659	1,135	8,171
Development	-	-	-	-	-	16,748	-	16,748	16,748
Professional service fees	9,151	2,138	2,595	2,298	16,182	1,094	1,517	2,611	18,793
Credit card merchant fees	4,146	969	1,176	1,041	7,332	496	687	1,183	8,515
Family Assistance Aid	-	-	72,628	-	72,628	-	-	-	72,628
Legal	-	-	-	-	-	-	88	88	88
	<u>\$ 1,136,223</u>	<u>\$ 351,837</u>	<u>\$ 409,394</u>	<u>\$ 309,847</u>	<u>\$ 2,207,301</u>	<u>\$ 151,049</u>	<u>\$ 186,307</u>	<u>\$ 337,356</u>	<u>\$ 2,544,657</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, 2015

	PROGRAM SERVICES					SUPPORTING SERVICES			Total
	Homecare and Elder Services	Immigrant and Youth Services	Jewish Family Assistance	Other Services	Total Program Services	Fundraising	General and Administrative	Total Supporting Services	
Payroll	\$ 688,971	\$ 210,685	\$ 212,626	\$ 279,906	\$1,392,188	\$ 99,764	\$ 124,827	\$ 224,591	\$1,616,778
Payroll taxes	51,469	15,739	15,884	20,910	104,002	7,453	9,325	16,778	120,780
Fringe benefits	23,177	7,087	7,153	9,416	46,833	3,356	4,199	7,555	54,388
Condo fees	40,589	12,412	12,526	16,490	82,016	5,877	7,354	13,231	95,247
Interest expense	119	36	37	48	241	17	22	39	280
Depreciation	12,156	3,717	3,752	4,938	24,563	1,760	2,202	3,963	28,526
Insurance	18,158	5,553	5,604	7,376	36,691	2,629	3,290	5,919	42,610
Grant expenses	6,430	96,456	9,003	16,719	128,608	-	-	-	128,608
Office expense	13,537	4,140	4,177	5,501	27,357	1,962	2,453	4,413	31,770
Travel	25,749	-	1,966	2,586	30,302	824	1,031	1,855	32,157
Advertising	858	262	265	348	1,733	124	155	280	2,012
Accounting	10,653	3,258	3,288	4,328	21,525	1,543	1,930	3,473	24,998
Adoption	-	-	-	9,274	9,274	-	-	-	9,274
Agency dues, seminars and training	5,654	1,729	1,745	823	9,951	819	1,024	1,843	11,794
Telephone	7,506	2,295	2,317	3,049	15,167	1,087	1,360	2,447	17,614
Consultants	6,440	1,969	1,987	2,616	13,012	932	1,167	2,099	15,112
Computer software	4,267	1,305	1,317	1,733	8,621	618	773	1,391	10,012
Equipment rental	2,165	662	668	880	4,375	313	392	706	5,080
Equipment maintenance & repair	556	170	171	226	1,123	80	101	181	1,304
Postage	1,928	590	595	783	3,896	279	349	629	4,525
Printing	2,707	828	835	1,100	5,470	392	490	883	6,353
Bad Debt Expense	-	-	-	-	-	-	11,406	11,406	11,406
Development	-	-	-	-	-	27,581	-	27,581	27,581
Professional service fees	6,092	1,863	1,880	2,475	12,310	882	1,104	1,986	14,296
Credit card merchant fees	2,324	711	717	944	4,696	337	421	758	5,453
Family Assistance Aid	-	-	29,438	-	29,438	-	-	-	29,438
	<u>\$ 931,505</u>	<u>\$ 371,467</u>	<u>\$ 317,951</u>	<u>\$ 392,469</u>	<u>\$ 2,013,392</u>	<u>\$ 158,629</u>	<u>\$ 175,375</u>	<u>\$ 334,004</u>	<u>\$ 2,347,396</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

Years Ended September 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 267,340	\$ 399,687
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	28,738	28,529
Unrealized loss (gain) on investments	(21,446)	47,033
Investment income reinvested	(35,729)	(16,472)
(Increase) decrease in assets:		
Accounts and loans receivable	(8,663)	(8,861)
Unconditional promises to give	3,077	(97,794)
Other current assets	12,708	(6,456)
Increase (decrease) in liabilities:		
Accounts payable	(3,078)	(9,503)
Accrued expenses	29,013	(100)
Escrow deposits	3,078	(2,960)
	<u>275,038</u>	<u>333,103</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
	<u>275,038</u>	<u>333,103</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(100,000)
Purchases of property and equipment	(5,439)	(12,075)
	<u>(5,439)</u>	<u>(112,075)</u>
NET CASH (USED) BY INVESTING ACTIVITIES		
	<u>(5,439)</u>	<u>(112,075)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	269,599	221,028
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,740,809</u>	<u>1,519,781</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,010,408</u>	<u>\$ 1,740,809</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Cash paid during the year for:		
Interest	<u>\$ 28</u>	<u>\$ 280</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

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:

Homecare & Elderly – An array of community based programs and home based services that help frail older adults maximize independence and provide appropriate support in a pragmatic compassionate way as capabilities diminish.

Immigrant & Youth – Through direct service and school and community based programs, economically and educationally challenged children and families receive guidance and resources to succeed in school and life and develop pathways to college, careers and self-sufficiency. Social, emotional and financial needs are addressed of refugees, asylees and immigrants.

Jewish Family Assistance – Programs to reduce poverty in Jewish community. Immediate financial and assistance needs of families in crisis are addressed, then families are given the tools to meet life’s obstacles, moving from vulnerability and supported until they are stable and self-sufficient.

Other Programs – A variety of community based social and education services for children, adults and families that serve both the Jewish and broader Metrowest and Greater Boston communities.

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 Organization 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

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 a 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 of \$250,000.

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, 2016 and 2015, the allowance was \$14,148 and \$15,000, respectively.

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

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, LLP.

JEWISH FAMILY SERVICE OF METROWEST, INC.

(A Not-for-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2016.

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

Fair Value Measurements: Financial Accounting Standards Board ("FASB"), 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 Organization has the ability to access.

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.

JEWISH FAMILY SERVICE OF METROWEST, INC.

(A Not-for-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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. Many individuals volunteer their time and perform a variety of tasks that assist the Organization with its operations; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

The Organization records unrestricted contributions, gifts, and grants as contributions and are recorded 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 assets 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.

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 and state 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.

JEWISH FAMILY SERVICE OF METROWEST, INC.

(A Not-for-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2013, 2014 and 2015 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, 2016 and 2015, 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 \$7,273 and \$2,012 for the years ended September 30, 2016 and 2015, 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 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.

Reclassification: Certain accounts relating to the prior year have been reclassified to conform with the current year presentation with no effect on previously reported net income.

JEWISH FAMILY SERVICE OF METROWEST, INC.

(A Not-for-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements: In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, Not-for-profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities. The new guidance simplifies and improves how not-for-profit entities classify net assets as well as the information presented in the financial statements and notes about liquidity, financial performance and cash flows. The new guidance (i) revises the net asset classification scheme to two classes instead of the previous three, (ii) enhances disclosures for self-imposed limits on the use of resources without donor-imposed restrictions and the composition of net assets with donor restrictions, (iii) updates the accounting and disclosure requirements for underwater endowment funds, (iv) requires the net presentation of investment expenses against investment return on the statement of activities and eliminates the requirement to disclose investment expenses that have been netted, (v) requires the presentation of expenses by nature as well as function, (vi) requires qualitative disclosures on how a not-for-profit manages its available liquid resources, (vii) requires quantitative disclosures that communicate the availability of financial assets to meet cash needs for general expenditures within one year of the balance sheet date, and (viii) allows for a choice between the direct and indirect method of reporting operating cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. Management is currently assessing the impact on the Organization's financial statements.

NOTE 3: CASH – RESTRICTED AND ESCROWS

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

	2016	2015
Hebrew Free Loan Fund	<u>\$ 40,200</u>	<u>\$ 36,400</u>

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

	2016	2015
Adoption escrows	<u>\$ 4,941</u>	<u>\$ 1,863</u>

NOTE 4: RESETTLEMENT LOAN

Resettlement loans of \$1,500 and \$2,100 are included in accounts and loans receivable at September 30, 2016 and 2015, 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.

JEWISH FAMILY SERVICE OF METROWEST, INC.

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NOTES TO FINANCIAL STATEMENTS

NOTE 5: PROPERTY AND EQUIPMENT

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

	2016	2015
Building and improvements	\$ 545,845	\$ 545,845
Office equipment and furniture	70,468	70,468
Computers	<u>70,487</u>	<u>65,049</u>
	686,800	681,362
Less accumulated depreciation	<u>351,163</u>	<u>322,425</u>
	<u>\$ 335,637</u>	<u>\$ 358,937</u>

NOTE 6: UNCONDITIONAL PROMISES TO GIVE

Included in unconditional promises to give is an annual allocation from Combined Jewish Philanthropies of \$686,000 and \$686,004 for the years ended September 30, 2016 and 2015, respectively.

NOTE 7: RELATED PARTY TRANSACTIONS

The Organization is engaged to manage the building in which they own an office condominium. The management agreement provides for a monthly fee of \$1,917 and shall continue until it is terminated by the Condominium Trust or the Organization. Management fees paid to the Organization amounted to \$24,938 during 2016 and \$21,500 during 2015 and are included in other service fees.

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 8: COMMITMENTS

The Organization leases office equipment under operating leases through June 2019. The monthly payments range from \$95 to \$1,000. Rent expense amounted to \$17,612 and \$16,123 for years ended September 30, 2016 and 2015, respectively.

The future minimum rent payments are as follows:

2017	\$ 16,050
2018	14,934
2019	13,842
2020	<u>5,283</u>
	<u>\$ 50,109</u>

JEWISH FAMILY SERVICE OF METROWEST, INC.

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NOTES TO FINANCIAL STATEMENTS

NOTE 8: COMMITMENTS (CONTINUED)

The Chief Executive Officer (CEO) has an Employment Contract through September 30, 2019, with a four-year extension option. The Contract provides for a 4% annual salary increase in 2016 through 2019 and then re-determined for the following four-year extension period. If the CEO is terminated without just cause, he is entitled to twelve months salary plus health insurance.

NOTE 9: RESTRICTIONS ON NET ASSETS

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

	2016	2015
Passage of time restrictions:		
Combined Jewish Philanthropies	\$ 686,000	\$ 686,004
Specific purpose restrictions:		
Jewish Family Assistance	306,385	305,454
Elder Services	222,687	241,071
Immigrant & Youth	226,494	230,522
Homecare Services	74,401	85,090
Other programs	342,558	268,650
	<u>\$ 1,858,525</u>	<u>\$ 1,816,791</u>

NOTE 10: 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:

	2016	2015
Passage of time restrictions:		
Combined Jewish Philanthropies	\$ 686,004	\$ 591,400
Specific purpose restrictions:		
Jewish Family Assistance	270,335	202,112
Elder Services	70,267	141,554
Immigrant & Youth	123,461	94,115
Homecare Services	98,689	109,475
Other programs	124,914	175,286
	<u>\$ 1,373,670</u>	<u>\$ 1,313,942</u>

JEWISH FAMILY SERVICE OF METROWEST, INC.

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NOTES TO FINANCIAL STATEMENTS

NOTE 11: INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at September 30, 2016:

	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Limited partnership interest in Jewish Community Endowment Pool, LLP	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 921,422</u>	<u>\$ 921,422</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at September 30, 2015:

	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Limited partnership interest in Jewish Community Endowment Pool, LLP	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 864,247</u>	<u>\$ 864,247</u>

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

	2016	2015
Beginning balance	\$ 864,247	\$ 794,808
Purchases	-	100,000
Interest and dividends	2,364	2,942
Net realized gain (loss)	37,727	17,510
Net change in unrealized appreciation (depreciation)	21,446	(47,033)
Investment fees	<u>(4,362)</u>	<u>(3,980)</u>
Ending balance	<u>\$ 921,422</u>	<u>\$ 864,247</u>

The Organization's investment in Jewish Community Endowment Pool, LLP is stated at fair value which is estimated using monthly investment reports produced by Combined Jewish Philanthropies.

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.

JEWISH FAMILY SERVICE OF METROWEST, INC.

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NOTES TO FINANCIAL STATEMENTS

NOTE 12: 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.

The Organization's Board of Director's adopted an endowment investment and spending policy that is structured in a manner consistent with Massachusetts Uniform Prudent Management of Institutional Funds Act.

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.

JEWISH FAMILY SERVICE OF METROWEST, INC.

(A Not-for-Profit Organization)

NOTES TO FINANCIAL STATEMENTS**NOTE 12: ENDOWMENT NET ASSETS (CONTINUED)**

Changes in endowment net assets for the year ended September 30, 2016 consisted of the following:

	<u>Board- Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$ 864,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 864,247</u>
Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment return:				
Interest and dividends	2,364	-	-	2,364
Realized gain on endowment	37,727	-	-	37,727
Unrealized gain on endowment	21,446	-	-	21,446
Investment fees and expenses	<u>(4,362)</u>	<u>-</u>	<u>-</u>	<u>(4,362)</u>
Total investment return	<u>57,175</u>	<u>-</u>	<u>-</u>	<u>57,175</u>
Endowment net assets, end of year	<u><u>\$ 921,422</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 921,422</u></u>

Endowment net asset composition by type of fund as of September 30, 2016 consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-designated	<u><u>\$ 921,422</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 921,422</u></u>

Changes in endowment net assets for the year ended September 30, 2015 consisted of the following:

	<u>Board- Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$ 794,808</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 794,808</u>
Contributions	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Investment return:				
Interest and dividends	2,942	-	-	2,942
Realized gain on endowment	17,510	-	-	17,510
Unrealized gain on endowment	(47,033)	-	-	(47,033)
Investment fees and expenses	<u>(3,980)</u>	<u>-</u>	<u>-</u>	<u>(3,980)</u>
Total investment return	<u>(30,561)</u>	<u>-</u>	<u>-</u>	<u>(30,561)</u>
Endowment net assets, end of year	<u><u>\$ 864,247</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 864,247</u></u>

JEWISH FAMILY SERVICE OF METROWEST, INC.

(A Not-for-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

NOTE 12: ENDOWMENT NET ASSETS (CONTINUED)

Endowment net asset composition by type of fund as of September 30, 2015 consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-designated	<u>\$ 864,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 864,247</u>

NOTE 13: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 15, 2017, the date which the financial statements were available to be issued. There were no events noted that required disclosure in these financial statements.

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, in accordance with the 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, the financial statements of **Jewish Family Service of Metrowest, Inc.** (a Not-for-Profit Organization) which comprise the statement of financial position as of September 30, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 15, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Jewish Family Service of Metrowest, Inc.'s** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Jewish Family Service of Metrowest, Inc.'s** internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

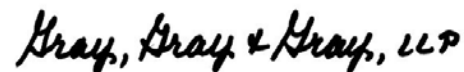
Compliance and Other Matters

As part of obtaining reasonable assurance about whether **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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

GRAY, GRAY & GRAY, LLP



Canton, MA
June 15, 2017