

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

(A Not-for-Profit Organization)

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**Audited Financial Statements**

**September 30, 2017 and 2016**

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

This report was prepared subject to the terms and conditions set forth in an engagement letter. By relying upon this report, all users shall be deemed to agree to the terms and conditions of that engagement letter. Users intending to rely upon this report should contact the issuer to obtain a copy of its applicable terms and conditions. This report is intended for the exclusive use of the clients of the issuer and others to whom the issuer has expressly granted consent.

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

(A Not-for-Profit Organization)

## TABLE OF CONTENTS

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|  | <b>Page</b> |
|--|-------------|
| INDEPENDENT AUDITORS' REPORT .....   | 1           |
| STATEMENT OF FINANCIAL POSITION – 2017 .....   | 3           |
| STATEMENT OF FINANCIAL POSITION – 2016 .....   | 4           |
| STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS – 2017 .....  | 5           |
| STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS – 2016 .....  | 6           |
| STATEMENT OF FUNCTIONAL EXPENSES – 2017.....   | 7           |
| STATEMENT OF FUNCTIONAL EXPENSES – 2016.....   | 8           |
| STATEMENTS OF CASH FLOWS.....  | 9           |
| NOTES TO FINANCIAL STATEMENTS.....   | 10          |
| INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING<br>AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL<br>STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS ..... | 22          |

## **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, 2017 and 2016, 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.

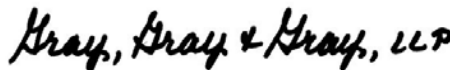
**Opinion**

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, 2017 and 2016, 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 January 29, 2018, 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

Handwritten signature in black ink that reads "Gray, Gray & Gray, LLP".

Canton, MA  
January 29, 2018

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

(A Not-for-Profit Organization)

**STATEMENT OF FINANCIAL POSITION**

September 30, 2017

**ASSETS**

|   | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>        |
|---|---------------------|-----------------------------------|---------------------|
| <b>CURRENT ASSETS</b>   |                     |                                   |                     |
| Cash and cash equivalents                                       | \$ 1,004,392        | \$ 1,514,562                      | \$ 2,518,954        |
| Cash - restricted   | -                   | 44,000                            | 44,000              |
| Cash - adoption escrows   | 5,611               | -                                 | 5,611               |
| Accounts and loans receivable, net                              | 121,263             | 9,400                             | 130,663             |
| Unconditional promises to give                                  | 10,026              | 613,000                           | 623,026             |
| Other current assets  | 77,470              | -                                 | 77,470              |
| <b>TOTAL CURRENT ASSETS</b>                                     | <u>1,218,762</u>    | <u>2,180,962</u>                  | <u>3,399,724</u>    |
| <b>PROPERTY AND EQUIPMENT</b> , net of accumulated depreciation | <u>318,818</u>      | <u>-</u>                          | <u>318,818</u>      |
| <b>OTHER ASSET</b>  |                     |                                   |                     |
| Investments - board designated endowment fund                   | <u>1,012,251</u>    | <u>-</u>                          | <u>1,012,251</u>    |
| <b>TOTAL ASSETS</b>   | <u>\$ 2,549,831</u> | <u>\$ 2,180,962</u>               | <u>\$ 4,730,793</u> |
| <b>LIABILITIES AND NET ASSETS</b>                               |                     |                                   |                     |
| <b>CURRENT LIABILITIES</b>                                      |                     |                                   |                     |
| Accounts payable  | \$ 2,285            | \$ -                              | \$ 2,285            |
| Accrued expenses  | 185,859             | -                                 | 185,859             |
| Escrow deposits   | 5,611               | -                                 | 5,611               |
| <b>TOTAL LIABILITIES</b>  | <u>193,755</u>      | <u>-</u>                          | <u>193,755</u>      |
| <b>NET ASSETS</b>   |                     |                                   |                     |
| Unrestricted and undesignated                                   | 1,025,007           | -                                 | 1,025,007           |
| Board designated endowment fund                                 | 1,012,251           | -                                 | 1,012,251           |
| Unrestricted property and equipment                             | 318,818             | -                                 | 318,818             |
| <b>Total Unrestricted Net Assets</b>                            | 2,356,076           | -                                 | 2,356,076           |
| Temporarily restricted, operating                               | -                   | 2,180,962                         | 2,180,962           |
| <b>TOTAL NET ASSETS</b>   | <u>2,356,076</u>    | <u>2,180,962</u>                  | <u>4,537,038</u>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                         | <u>\$ 2,549,831</u> | <u>\$ 2,180,962</u>               | <u>\$ 4,730,793</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, 2016

**ASSETS**

|   | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>        |
|---|---------------------|-----------------------------------|---------------------|
| <b>CURRENT ASSETS</b>   |                     |                                   |                     |
| 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, net                              | 126,829             | 9,100                             | 135,929             |
| Unconditional promises to give                                  | 6,117               | 686,000                           | 692,117             |
| Other current assets  | 35,693              | -                                 | 35,693              |
| <b>TOTAL CURRENT ASSETS</b>                                     | <u>1,015,622</u>    | <u>1,858,525</u>                  | <u>2,874,147</u>    |
| <b>PROPERTY AND EQUIPMENT</b> , net of accumulated depreciation | <u>335,637</u>      | <u>-</u>                          | <u>335,637</u>      |
| <b>OTHER ASSET</b>  |                     |                                   |                     |
| Investments - board designated endowment fund                   | <u>921,422</u>      | <u>-</u>                          | <u>921,422</u>      |
| <b>TOTAL ASSETS</b>   | <u>\$ 2,272,681</u> | <u>\$ 1,858,525</u>               | <u>\$ 4,131,206</u> |
| <b>LIABILITIES AND NET ASSETS</b>                               |                     |                                   |                     |
| <b>CURRENT LIABILITIES</b>                                      |                     |                                   |                     |
| Accounts payable  | \$ 5,781            | \$ -                              | \$ 5,781            |
| Accrued expenses  | 157,711             | -                                 | 157,711             |
| Escrow deposits   | 4,941               | -                                 | 4,941               |
| <b>TOTAL LIABILITIES</b>  | <u>168,433</u>      | <u>-</u>                          | <u>168,433</u>      |
| <b>NET ASSETS</b>   |                     |                                   |                     |
| Unrestricted and undesignated                                   | 847,189             | -                                 | 847,189             |
| Board designated endowment fund                                 | 921,422             | -                                 | 921,422             |
| Unrestricted property and equipment                             | 335,637             | -                                 | 335,637             |
| <b>Total Unrestricted Net Assets</b>                            | <u>2,104,248</u>    | <u>-</u>                          | <u>2,104,248</u>    |
| Temporarily restricted, operating                               | <u>-</u>            | <u>1,858,525</u>                  | <u>1,858,525</u>    |
| <b>TOTAL NET ASSETS</b>   | <u>2,104,248</u>    | <u>1,858,525</u>                  | <u>3,962,773</u>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                         | <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 ACTIVITIES AND CHANGE IN NET ASSETS**  
Year Ended September 30, 2017

|  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>        |
|--|---------------------|-----------------------------------|---------------------|
| <b>PUBLIC SUPPORT AND REVENUE</b>  |                     |                                   |                     |
| <b>Public Support:</b>   |                     |                                   |                     |
| Combined Jewish Philanthropies   | \$ -                | \$ 613,000                        | \$ 613,000          |
| Grants and contributions   | 287,281             | 1,350,974                         | 1,638,255           |
| Special events   | 348,232             | 45,968                            | 394,200             |
| Cost of special events   | (43,201)            | -                                 | (43,201)            |
|  | <u>592,312</u>      | <u>2,009,942</u>                  | <u>2,602,254</u>    |
| <b>Revenue:</b>  |                     |                                   |                     |
| Adoption fees  | 98,099              | -                                 | 98,099              |
| Contracted homemaker services  | 511,545             | -                                 | 511,545             |
| Other homemaker services   | 25,013              | -                                 | 25,013              |
| Other service fees and program revenue                                   | 141,568             | -                                 | 141,568             |
| Unrealized gain on investments   | 68,152              | -                                 | 68,152              |
| Investment income net of related fees                                    | 22,677              | -                                 | 22,677              |
| Interest and miscellaneous income  | 1,317               | -                                 | 1,317               |
|  | <u>868,371</u>      | <u>-</u>                          | <u>868,371</u>      |
| <b>NET ASSETS RELEASED FROM SATISFACTION<br/>OF PROGRAM RESTRICTIONS</b> | <u>1,687,505</u>    | <u>(1,687,505)</u>                | <u>-</u>            |
| <b>TOTAL PUBLIC SUPPORT AND REVENUE</b>                                  | <u>3,148,188</u>    | <u>322,437</u>                    | <u>3,470,625</u>    |
| <b>EXPENSES</b>  |                     |                                   |                     |
| <b>Program Services:</b>   |                     |                                   |                     |
| Homecare and elder services  | 1,167,810           | -                                 | 1,167,810           |
| Immigrant and youth services   | 706,562             | -                                 | 706,562             |
| Jewish family assistance   | 397,099             | -                                 | 397,099             |
| Other services   | 284,680             | -                                 | 284,680             |
| <b>Supporting Services:</b>  |                     |                                   |                     |
| Fundraising  | 159,181             | -                                 | 159,181             |
| General and administrative   | 181,028             | -                                 | 181,028             |
| <b>TOTAL EXPENSES</b>  | <u>2,896,360</u>    | <u>-</u>                          | <u>2,896,360</u>    |
| <b>CHANGE IN NET ASSETS</b>  | 251,828             | 322,437                           | 574,265             |
| <b>NET ASSETS AT BEGINNING OF YEAR</b>                                   | <u>2,104,248</u>    | <u>1,858,525</u>                  | <u>3,962,773</u>    |
| <b>NET ASSETS AT END OF YEAR</b>   | <u>\$ 2,356,076</u> | <u>\$ 2,180,962</u>               | <u>\$ 4,537,038</u> |

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



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

(A Not-for-Profit Organization)

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**

Year Ended September 30, 2016

|  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>        |
|--|---------------------|-----------------------------------|---------------------|
| <b>PUBLIC SUPPORT AND REVENUE</b>  |                     |                                   |                     |
| <b>Public Support:</b>   |                     |                                   |                     |
| 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>    |
| <b>Revenue:</b>  |                     |                                   |                     |
| 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 loss 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>      |
| <b>NET ASSETS RELEASED FROM SATISFACTION<br/>OF PROGRAM RESTRICTIONS</b> | <u>1,373,670</u>    | <u>(1,373,670)</u>                | <u>-</u>            |
| <b>TOTAL PUBLIC SUPPORT AND REVENUE</b>                                  | <u>2,770,263</u>    | <u>41,734</u>                     | <u>2,811,997</u>    |
| <b>EXPENSES</b>  |                     |                                   |                     |
| <b>Program Services:</b>   |                     |                                   |                     |
| 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             |
| <b>Supporting Services:</b>  |                     |                                   |                     |
| Fundraising  | 151,049             | -                                 | 151,049             |
| General and administrative   | 186,307             | -                                 | 186,307             |
| <b>TOTAL EXPENSES</b>  | <u>2,544,657</u>    | <u>-</u>                          | <u>2,544,657</u>    |
| <b>CHANGE IN NET ASSETS</b>  | 225,606             | 41,734                            | 267,340             |
| <b>NET ASSETS AT BEGINNING OF YEAR</b>                                   | <u>1,878,642</u>    | <u>1,816,791</u>                  | <u>3,695,433</u>    |
| <b>NET ASSETS AT END OF YEAR</b>   | <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 FUNCTIONAL EXPENSES**

Year Ended September 30, 2017

|                                    | PROGRAM SERVICES                           |   |   |                           |                                       | SUPPORTING SERVICES |   |  |                     |
|------------------------------------|--|---|---|---------------------------|---------------------------------------|---------------------|---|--|---------------------|
|                                    | <u>Homecare<br/>and Elder<br/>Services</u> | <u>Immigrant<br/>and Youth<br/>Services</u> | <u>Jewish<br/>Family<br/>Assistance</u> | <u>Other<br/>Services</u> | <u>Total<br/>Program<br/>Services</u> | <u>Fundraising</u>  | <u>General<br/>and<br/>Administrative</u> | <u>Total<br/>Supporting<br/>Services</u> | <u>Total</u>        |
| Payroll                            | \$ 879,773                                 | \$ 339,737                                  | \$ 254,033                              | \$ 206,269                | \$ 1,679,812                          | \$ 107,853          | \$ 138,281                                | \$ 246,134                               | \$ 1,925,946        |
| Payroll taxes                      | 64,100                                     | 24,753                                      | 18,509                                  | 15,029                    | 122,391                               | 7,858               | 10,075                                    | 17,933                                   | 140,324             |
| Fringe benefits                    | 27,232                                     | 10,516                                      | 7,863                                   | 6,385                     | 51,996                                | 3,338               | 4,280                                     | 7,618                                    | 59,614              |
| Condo fees                         | 42,441                                     | 16,389                                      | 12,255                                  | 9,951                     | 81,036                                | 5,203               | 6,671                                     | 11,874                                   | 92,910              |
| Depreciation                       | 13,409                                     | 5,178                                       | 3,872                                   | 3,144                     | 25,603                                | 1,644               | 2,108                                     | 3,752                                    | 29,355              |
| Insurance                          | 23,073                                     | 8,910                                       | 6,662                                   | 5,410                     | 44,055                                | 2,829               | 3,627                                     | 6,456                                    | 50,511              |
| Grant expenses                     | 10,519                                     | 267,363                                     | 10,336                                  | 8,198                     | 296,416                               | -                   | -   | -  | 296,416             |
| Office expense                     | 23,030                                     | 8,894                                       | 6,650                                   | 5,400                     | 43,974                                | 2,823               | 3,620                                     | 6,443                                    | 50,417              |
| Travel                             | 19,955                                     | -   | 4,157                                   | 3,375                     | 27,487                                | 1,765               | 2,263                                     | 4,028                                    | 31,515              |
| Advertising                        | 6,323                                      | 2,442                                       | 1,826                                   | 1,483                     | 12,074                                | 775                 | 994                                       | 1,769                                    | 13,843              |
| Accounting                         | 10,689                                     | 4,128                                       | 3,086                                   | 2,506                     | 20,409                                | 1,310               | 1,680                                     | 2,990                                    | 23,399              |
| Adoption                           | -  | -   | -                                       | 6,449                     | 6,449                                 | -                   | -   | -  | 6,449               |
| Agency dues, seminars and training | 4,380                                      | 1,692                                       | 1,265                                   | 1,027                     | 8,364                                 | 537                 | 689                                       | 1,226                                    | 9,590               |
| Telephone                          | 11,436                                     | 4,416                                       | 3,302                                   | 2,681                     | 21,835                                | 1,402               | 1,797                                     | 3,199                                    | 25,034              |
| Consultants                        | 3,259                                      | 1,258                                       | 941                                     | 764                       | 6,222                                 | 400                 | 512                                       | 912                                      | 7,134               |
| Computer software                  | 8,948                                      | 3,455                                       | 2,584                                   | 2,098                     | 17,085                                | 1,097               | 1,406                                     | 2,503                                    | 19,588              |
| Equipment rental                   | 2,562                                      | 989   | 740                                     | 601                       | 4,892                                 | 314                 | 403                                       | 717                                      | 5,609               |
| Equipment maintenance & repair     | 65   | 25  | 19                                      | 15                        | 124                                   | 8                   | 10  | 18                                       | 142                 |
| Postage                            | 1,332                                      | 514   | 384                                     | 312                       | 2,542                                 | 163                 | 209                                       | 372                                      | 2,914               |
| Printing                           | 2,752                                      | 1,063                                       | 795                                     | 645                       | 5,255                                 | 337                 | 433                                       | 770                                      | 6,025               |
| Development                        | -  | -   | -                                       | -                         | -                                     | 17,988              | -   | 17,988                                   | 17,988              |
| Professional service fees          | 7,934                                      | 3,064                                       | 2,291                                   | 1,860                     | 15,149                                | 973                 | 1,247                                     | 2,220                                    | 17,369              |
| Credit card merchant fees          | 4,598                                      | 1,776                                       | 1,328                                   | 1,078                     | 8,780                                 | 564                 | 723                                       | 1,287                                    | 10,067              |
| Family Assistance Aid              | -  | -   | 54,201                                  | -                         | 54,201                                | -                   | -   | -  | 54,201              |
|                                    | <u>\$ 1,167,810</u>                        | <u>\$ 706,562</u>                           | <u>\$ 397,099</u>                       | <u>\$ 284,680</u>         | <u>\$ 2,556,151</u>                   | <u>\$ 159,181</u>   | <u>\$ 181,028</u>                         | <u>\$ 340,209</u>                        | <u>\$ 2,896,360</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 |   |  |                     |
|------------------------------------|--|---|---|---------------------------|---------------------------------------|---------------------|---|--|---------------------|
|                                    | <u>Homecare<br/>and Elder<br/>Services</u> | <u>Immigrant<br/>and Youth<br/>Services</u> | <u>Jewish<br/>Family<br/>Assistance</u> | <u>Other<br/>Services</u> | <u>Total<br/>Program<br/>Services</u> | <u>Fundraising</u>  | <u>General<br/>and<br/>Administrative</u> | <u>Total<br/>Supporting<br/>Services</u> | <u>Total</u>        |
| 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)

**STATEMENTS OF CASH FLOWS**

Years Ended September 30, 2017 and 2016

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|  | 2017                | 2016                |
|--|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                     |                     |
| Change in net assets   | \$ 574,265          | \$ 267,340          |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities: |                     |                     |
| Depreciation   | 29,355              | 28,738              |
| Unrealized gain on investments   | (68,152)            | (21,446)            |
| Investment income reinvested   | (22,677)            | (35,729)            |
| (Increase) decrease in assets:   |                     |                     |
| Accounts and loans receivable  | 5,266               | (8,663)             |
| Unconditional promises to give   | 69,091              | 3,077               |
| Other current assets   | (41,777)            | 12,708              |
| Increase (decrease) in liabilities:  |                     |                     |
| Accounts payable   | (3,496)             | (3,078)             |
| Accrued expenses   | 28,148              | 29,013              |
| Escrow deposits  | 670                 | 3,078               |
|  | <u>570,693</u>      | <u>275,038</u>      |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>   |                     |                     |
|  | <u>570,693</u>      | <u>275,038</u>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                     |                     |
| Purchases of property and equipment  | (12,536)            | (5,439)             |
|  | <u>(12,536)</u>     | <u>(5,439)</u>      |
| <b>NET CASH (USED) BY INVESTING ACTIVITIES</b>   |                     |                     |
|  | <u>(12,536)</u>     | <u>(5,439)</u>      |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>   | 558,157             | 269,599             |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>  | <u>2,010,408</u>    | <u>1,740,809</u>    |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>  | <u>\$ 2,568,565</u> | <u>\$ 2,010,408</u> |
| <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION</b>                                      |                     |                     |
| Cash paid during the year for:   |                     |                     |
| Interest   | <u>\$ -</u>         | <u>\$ 28</u>        |

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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**

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#### **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 the 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

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### 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, 2017 and 2016, the allowance was \$14,148.

**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

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#### 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, 2017.

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.

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

(A Not-for-Profit Organization)

### **NOTES TO FINANCIAL STATEMENTS**

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#### **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 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 (IRC). Contributions to the agency are deductible by donors within the requirements of the IRC.



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

(A Not-for-Profit Organization)

### **NOTES TO FINANCIAL STATEMENTS**

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#### **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, 2014, 2015 and 2016 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, 2017 and 2016, 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 \$13,843 and \$7,274 for the years ended September 30, 2017 and 2016, 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.

## JEWISH FAMILY SERVICE OF METROWEST, INC.

(A Not-for-Profit Organization)

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Recent Accounting Pronouncements:** In August 2016, the FASB 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:

|                       | 2017             | 2016             |
|-----------------------|------------------|------------------|
| Hebrew Free Loan Fund | <u>\$ 44,000</u> | <u>\$ 40,200</u> |

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

|                  | 2017            | 2016            |
|------------------|-----------------|-----------------|
| Adoption escrows | <u>\$ 5,611</u> | <u>\$ 4,941</u> |

#### NOTE 4: RESETTLEMENT LOAN

Resettlement loans of \$333 and \$1,500 are included in accounts and loans receivable at September 30, 2017 and 2016, 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.

(A Not-for-Profit Organization)

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 5: PROPERTY AND EQUIPMENT

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

|                                | 2017              | 2016              |
|--------------------------------|-------------------|-------------------|
| Building and improvements      | \$ 545,845        | \$ 545,845        |
| Office equipment and furniture | 75,713            | 70,468            |
| Computers                      | <u>77,778</u>     | <u>70,487</u>     |
|                                | 699,336           | 686,800           |
| Less accumulated depreciation  | <u>380,518</u>    | <u>351,163</u>    |
|                                | <u>\$ 318,818</u> | <u>\$ 335,637</u> |

#### NOTE 6: UNCONDITIONAL PROMISES TO GIVE

Included in unconditional promises to give is an annual allocation from Combined Jewish Philanthropies of \$613,000 and \$686,000 for the years ended September 30, 2017 and 2016, 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 \$23,349 during 2017 and \$24,938 during 2016 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

Beginning in 2017, as part of the Syrian Refugee program, the Organization entered into annual leases for apartments to house Syrian refugee families. The monthly lease payments range from \$1,400 to \$2,250. Total Syrian Refugee program rent expense amounted to \$105,973 and is included in grant expenses for the year ended September 30, 2017. In addition, the Organization receives sublease income from the Syrian refugee families on a monthly basis ranging from \$145 to \$725. For the year ended September 30, 2017, sublease income amounted to \$27,425 and is included in other service fees and program revenue.

The Organization leases office equipment under operating leases through June 2019. The monthly payments range from \$95 to \$1,000. Rent expense amounted to \$16,050 and \$17,612 for the years ended September 30, 2017 and 2016, respectively. The future minimum rent payments are as follows: \$14,934 for 2018, \$13,842 for 2019 and \$5,283 for 2020.

## JEWISH FAMILY SERVICE OF METROWEST, INC.

(A Not-for-Profit Organization)

### NOTES TO FINANCIAL STATEMENTS

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#### 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:

|                                | 2017                | 2016                |
|--------------------------------|---------------------|---------------------|
| Passage of time restrictions:  |                     |                     |
| Combined Jewish Philanthropies | \$ 613,000          | \$ 686,000          |
| Specific purpose restrictions: |                     |                     |
| Jewish Family Assistance       | 313,756             | 306,385             |
| Homecare and Elder Services    | 354,446             | 297,088             |
| Immigrant and Youth Services   | 640,802             | 226,494             |
| Other Services                 | 258,958             | 342,558             |
|                                | <u>\$ 2,180,962</u> | <u>\$ 1,858,525</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:

|                                | 2017                | 2016                |
|--------------------------------|---------------------|---------------------|
| Passage of time restrictions:  |                     |                     |
| Combined Jewish Philanthropies | \$ 686,004          | \$ 686,004          |
| Specific purpose restrictions: |                     |                     |
| Jewish Family Assistance       | 286,800             | 270,335             |
| Homecare and Elder Services    | 135,600             | 168,956             |
| Immigrant and Youth Services   | 423,896             | 123,461             |
| Other services                 | 155,205             | 124,914             |
|                                | <u>\$ 1,687,505</u> | <u>\$ 1,373,670</u> |

## JEWISH FAMILY SERVICE OF METROWEST, INC.

(A Not-for-Profit Organization)

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 11: INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at September 30, 2017:

|  | <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>\$ 1,021,251</u> | <u>\$ 1,021,251</u> |

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

|  | <b>2017</b>         | <b>2016</b>       |
|--|---------------------|-------------------|
| Beginning balance                                    | \$ 921,422          | \$ 864,247        |
| Purchases  | -                   | -                 |
| Interest and dividends                               | 6,474               | 2,364             |
| Net realized gain (loss)                             | 21,133              | 37,727            |
| Net change in unrealized appreciation (depreciation) | 68,152              | 21,446            |
| Investment fees                                      | <u>(4,930)</u>      | <u>(4,362)</u>    |
| Ending balance                                       | <u>\$ 1,012,251</u> | <u>\$ 921,422</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.**

(A Not-for-Profit Organization)

### **NOTES TO FINANCIAL STATEMENTS**

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#### **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 the 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**

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**NOTE 12: ENDOWMENT NET ASSETS (CONTINUED)**

Changes in endowment net assets for the year ended September 30, 2017 consisted of the following:

|   | <u>Board-<br/>Designated</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>        |
|---|------------------------------|-----------------------------------|-----------------------------------|---------------------|
| Endowment net assets, beginning of year | <u>\$ 921,422</u>            | <u>\$ -</u>                       | <u>\$ -</u>                       | <u>\$ 921,422</u>   |
| Contributions                           | <u>-</u>                     | <u>-</u>                          | <u>-</u>                          | <u>-</u>            |
| Investment return:                      |                              |                                   |                                   |                     |
| Interest and dividends                  | 6,474                        | -                                 | -                                 | 6,474               |
| Realized gain on endowment              | 21,133                       | -                                 | -                                 | 21,133              |
| Unrealized gain on endowment            | 68,152                       | -                                 | -                                 | 68,152              |
| Investment fees and expenses            | <u>(4,930)</u>               | <u>-</u>                          | <u>-</u>                          | <u>(4,930)</u>      |
| Total investment return                 | <u>90,829</u>                | <u>-</u>                          | <u>-</u>                          | <u>90,829</u>       |
| Endowment net assets, end of year       | <u>\$ 1,012,251</u>          | <u>\$ -</u>                       | <u>\$ -</u>                       | <u>\$ 1,012,251</u> |

Endowment net asset composition by type of fund as of September 30, 2017 consisted of the following:

|                  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>        |
|------------------|---------------------|-----------------------------------|-----------------------------------|---------------------|
| Board-designated | <u>\$ 1,012,251</u> | <u>\$ -</u>                       | <u>\$ -</u>                       | <u>\$ 1,012,251</u> |

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

(A Not-for-Profit Organization)

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 12: ENDOWMENT NET ASSETS (CONTINUED)**

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

|   | <u>Board-<br/>Designated</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>      |
|---|------------------------------|-----------------------------------|-----------------------------------|-------------------|
| Endowment net assets, beginning of year | \$ 864,247                   | \$ -                              | \$ -                              | \$ 864,247        |
| Contributions                           | -                            | -                                 | -                                 | -                 |
| 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            | (4,362)                      | -                                 | -                                 | (4,362)           |
| Total investment return                 | 57,175                       | -                                 | -                                 | 57,175            |
| Endowment net assets, end of year       | <u>\$ 921,422</u>            | <u>\$ -</u>                       | <u>\$ -</u>                       | <u>\$ 921,422</u> |

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

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

**NOTE 13: SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through January 29, 2018, 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, 2017, and the related statements of activities and changes in net assets, 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 January 29, 2018.

**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.

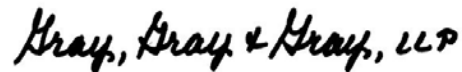
**Compliance and Other Matters**

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  
January 29, 2018