

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

**FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017**

JEWISH FAMILY SERVICE OF METROWEST, INC.

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Independent Auditors' Report

To the Board of Directors
Jewish Family Service of Metrowest, Inc.
Framingham, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of Jewish Family Service of Metrowest, Inc., which comprise the statement of financial position as of September 30, 2018, and the related statements of activities and change in net assets, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Family Service of Metrowest, Inc., as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of Jewish Family Service of Metrowest, Inc., as of September 30, 2017 were audited by other auditors whose report dated January 29, 2018 expressed an unmodified opinion on those statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 28, 2019 on our consideration of Jewish Family Service of Metrowest, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Jewish Family Service of Metrowest, Inc.'s 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.

Blum, Shapiro & Company, P.C.

Quincy, Massachusetts
January 28, 2019

JEWISH FAMILY SERVICE OF METROWEST, INC.

STATEMENT OF FINANCIAL POSITION SEPTEMBER 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 1,010,317	\$ 1,412,602	\$ 2,422,919
Cash - restricted	33,458	48,100	81,558
Cash - adoption escrows	6,265	-	6,265
Accounts receivable	159,844	9,500	169,344
Unconditional promises to give	1,827	613,000	614,827
Other current assets	92,053	-	92,053
Total current assets	<u>1,303,764</u>	<u>2,083,202</u>	<u>3,386,966</u>
Property and Equipment, Net of Accumulated Depreciation	322,700	-	322,700
Other Asset			
Investments - board designated endowment fund	<u>1,060,786</u>	<u>-</u>	<u>1,060,786</u>
Total Assets	<u>\$ 2,687,250</u>	<u>\$ 2,083,202</u>	<u>\$ 4,770,452</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accrued expenses	\$ 200,547	\$ -	\$ 200,547
Escrow deposits	6,265	-	6,265
Total liabilities	<u>206,812</u>	<u>-</u>	<u>206,812</u>
Net Assets			
Unrestricted and undesignated	1,096,952	-	1,096,952
Board designated endowment fund	1,060,786	-	1,060,786
Unrestricted property and equipment	322,700	-	322,700
Total unrestricted net assets	<u>2,480,438</u>	<u>-</u>	<u>2,480,438</u>
Temporarily restricted	<u>-</u>	<u>2,083,202</u>	<u>2,083,202</u>
Total net assets	<u>2,480,438</u>	<u>2,083,202</u>	<u>4,563,640</u>
Total Liabilities and Net Assets	<u>\$ 2,687,250</u>	<u>\$ 2,083,202</u>	<u>\$ 4,770,452</u>

The accompanying notes are an integral part of the financial statements

JEWISH FAMILY SERVICE OF METROWEST, INC.

STATEMENT OF FINANCIAL POSITION SEPTEMBER 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
ASSETS			
Current Assets			
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 receivable	121,263	9,400	130,663
Unconditional promises to give	10,026	613,000	623,026
Other current assets	77,470	-	77,470
Total current assets	<u>1,218,762</u>	<u>2,180,962</u>	<u>3,399,724</u>
Property and Equipment, Net of Accumulated Depreciation	318,818	-	318,818
Other Asset			
Investments - board designated endowment fund	<u>1,012,251</u>	<u>-</u>	<u>1,012,251</u>
Total Assets	<u>\$ 2,549,831</u>	<u>\$ 2,180,962</u>	<u>\$ 4,730,793</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 2,285	\$ -	\$ 2,285
Accrued expenses	185,859	-	185,859
Escrow deposits	5,611	-	5,611
Total liabilities	<u>193,755</u>	<u>-</u>	<u>193,755</u>
Net Assets			
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
Total unrestricted net assets	<u>2,356,076</u>	<u>-</u>	<u>2,356,076</u>
Temporarily restricted	<u>-</u>	<u>2,180,962</u>	<u>2,180,962</u>
Total net assets	<u>2,356,076</u>	<u>2,180,962</u>	<u>4,537,038</u>
Total Liabilities and Net Assets	<u>\$ 2,549,831</u>	<u>\$ 2,180,962</u>	<u>\$ 4,730,793</u>

The accompanying notes are an integral part of the financial statements

JEWISH FAMILY SERVICE OF METROWEST, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS YEAR ENDED SEPTEMBER 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public Support and Revenue			
Public support:			
Combined Jewish Philanthropies	\$ -	\$ 613,000	\$ 613,000
Grants and contributions	471,685	668,845	1,140,530
Special events	381,351	63,669	445,020
Cost of special events	(37,781)	-	(37,781)
	<u>815,255</u>	<u>1,345,514</u>	<u>2,160,769</u>
Revenue:			
Adoption fees	86,421	-	86,421
Contracted homemaker services	593,984	-	593,984
Other homemaker services	4,919	-	4,919
Other service fees	251,436	-	251,436
Unrealized gain on investments	23,848	-	23,848
Investment income	24,687	-	24,687
Miscellaneous income	9,301	-	9,301
	<u>994,596</u>	<u>-</u>	<u>994,596</u>
Net assets released from satisfaction of program restrictions	1,443,274	(1,443,274)	-
Total public support and revenue	<u>3,253,125</u>	<u>(97,760)</u>	<u>3,155,365</u>
Expenses			
Program services:			
Homecare and elder services	1,099,925	-	1,099,925
Immigrant and youth services	752,435	-	752,435
Jewish family assistance	541,054	-	541,054
Other services	357,459	-	357,459
Supporting services:			
Fundraising	176,919	-	176,919
General and administrative	200,971	-	200,971
Total expenses	<u>3,128,763</u>	<u>-</u>	<u>3,128,763</u>
Change in Net Assets	124,362	(97,760)	26,602
Net Assets at Beginning of Year	<u>2,356,076</u>	<u>2,180,962</u>	<u>4,537,038</u>
Net Assets at End of Year	<u>\$ 2,480,438</u>	<u>\$ 2,083,202</u>	<u>\$ 4,563,640</u>

The accompanying notes are an integral part of the financial statements

JEWISH FAMILY SERVICE OF METROWEST, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public Support and Revenue			
Public support:			
Combined Jewish Philanthropies	\$ -	\$ 613,000	\$ 613,000
Grants and contributions	588,027	1,050,228	1,638,255
Special events	348,232	45,968	394,200
Cost of special events	(43,201)	-	(43,201)
	<u>893,058</u>	<u>1,709,196</u>	<u>2,602,254</u>
Revenue:			
Adoption fees	98,099	-	98,099
Contracted homemaker services	511,545	-	511,545
Other homemaker services	25,013	-	25,013
Other service fees	141,568	-	141,568
Unrealized gain on investments	68,152	-	68,152
Investment income	22,677	-	22,677
Miscellaneous income	1,317	-	1,317
	<u>868,371</u>	<u>-</u>	<u>868,371</u>
Net assets released from satisfaction of program restrictions	<u>1,386,759</u>	<u>(1,386,759)</u>	<u>-</u>
Total public support and revenue	<u>3,148,188</u>	<u>322,437</u>	<u>3,470,625</u>
Expenses			
Program services:			
Homecare and elder services	1,167,810	-	1,167,810
Immigrant and youth services	666,819	-	666,819
Jewish family assistance	436,842	-	436,842
Other services	284,680	-	284,680
Supporting services:			
Fundraising	159,181	-	159,181
General and administrative	181,028	-	181,028
Total expenses	<u>2,896,360</u>	<u>-</u>	<u>2,896,360</u>
Change in Net Assets	251,828	322,437	574,265
Net Assets at Beginning of Year	<u>2,104,248</u>	<u>1,858,525</u>	<u>3,962,773</u>
Net Assets at End of Year	<u>\$ 2,356,076</u>	<u>\$ 2,180,962</u>	<u>\$ 4,537,038</u>

The accompanying notes are an integral part of the financial statements

JEWISH FAMILY SERVICE OF METROWEST, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2018

Functional Expenses	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	\$ 808,759	\$ 357,616	\$ 310,954	\$ 248,207	\$ 1,725,536	\$ 109,410	\$ 150,709	\$ 260,119	\$ 1,985,655
Payroll taxes	62,922	27,823	24,193	19,311	134,249	8,512	11,726	20,238	154,487
Fringe benefits	25,928	11,464	9,969	7,957	55,318	3,507	4,831	8,338	63,656
Condo fees	37,788	16,709	14,529	11,597	80,623	5,112	7,042	12,154	92,777
Depreciation	12,740	5,634	4,898	3,910	27,182	1,724	2,374	4,098	31,280
Insurance	23,124	10,225	8,890	7,096	49,335	3,128	4,309	7,437	56,772
Grant expenses	13,677	283,315	51,359	13,554	361,905	-	-	-	361,905
Office expense	22,892	10,120	8,801	7,024	48,837	3,096	4,265	7,361	56,198
Travel	25,313	-	6,748	5,387	37,448	2,374	3,271	5,645	43,093
Advertising	3,495	1,545	1,343	1,072	7,455	473	651	1,124	8,579
Accounting	10,441	4,617	4,014	3,204	22,276	1,413	1,946	3,359	25,635
Adoption	-	-	-	12,921	12,921	-	-	-	12,921
Agency dues, seminars and training	4,991	2,207	1,919	1,532	10,649	675	930	1,605	12,254
Telephone	7,557	3,341	2,905	2,319	16,122	1,022	1,408	2,430	18,552
Consultants	8,993	3,976	3,457	2,760	19,186	1,216	1,676	2,892	22,078
Computer software	10,464	4,627	4,023	3,211	22,325	1,415	1,950	3,365	25,690
Equipment rental	2,422	1,071	931	743	5,167	328	451	779	5,946
Equipment maintenance and repair	28	13	11	9	61	4	5	9	70
Postage	1,442	638	554	443	3,077	195	269	464	3,541
Printing	4,693	2,076	1,805	1,441	10,015	635	875	1,510	11,525
Development	-	-	5,178	-	5,178	31,023	-	31,023	36,201
Professional service fees	7,793	3,446	2,996	2,392	16,627	1,054	1,452	2,506	19,133
Credit card merchant fees	4,463	1,972	1,713	1,369	9,517	603	831	1,434	10,951
Family assistance	-	-	69,864	-	69,864	-	-	-	69,864
	<u>\$ 1,099,925</u>	<u>\$ 752,435</u>	<u>\$ 541,054</u>	<u>\$ 357,459</u>	<u>\$ 2,750,873</u>	<u>\$ 176,919</u>	<u>\$ 200,971</u>	<u>\$ 377,890</u>	<u>\$ 3,128,763</u>

The accompanying notes are an integral part of the financial statements

JEWISH FAMILY SERVICE OF METROWEST, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2017

	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	\$ 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	227,620	50,079	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 and 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	-	-	54,201	-	54,201	-	-	-	54,201
	<u>\$ 1,167,810</u>	<u>\$ 666,819</u>	<u>\$ 436,842</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 the financial statements

JEWISH FAMILY SERVICE OF METROWEST, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 26,602	\$ 574,265
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	31,280	29,355
Change in allowance for accounts and loans receivable	(1,333)	-
Change in allowance for unconditional promises to give	(2,148)	-
Unrealized gain on investments	(23,848)	(68,152)
Investment income reinvested	(24,687)	(22,677)
(Increase) decrease in assets:		
Accounts receivable	(37,297)	5,266
Unconditional promises to give	10,347	69,091
Other current assets	(14,583)	(41,777)
Increase (decrease) in liabilities:		
Accounts payable	(2,285)	(3,496)
Accrued expenses	14,688	28,148
Escrow deposits	654	670
Net cash provided by (used in) operating activities	<u>(22,610)</u>	<u>570,693</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	<u>(35,213)</u>	<u>(12,536)</u>
Net cash used in investing activities	<u>(35,213)</u>	<u>(12,536)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(57,823)	558,157
Cash and Cash Equivalents at Beginning of Year	<u>2,568,565</u>	<u>2,010,408</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,510,742</u>	<u>\$ 2,568,565</u>

The accompanying notes are an integral part of the financial statements

JEWISH FAMILY SERVICE OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - BUSINESS

Principal Business Activity

Jewish Family Service of Metrowest, Inc. (the Organization) provides child and family assistance, immigrant support, elder care, and numerous charitable, educational and social programs that address and alleviate social and health inequities for the benefit of the Metrowest/Greater Boston community.

The Organization is “staff driven, volunteer powered,” meaning that many programs and services include participation and engagement of trained volunteers in working with skilled professionals in providing solutions to the problems and challenges faced.

Homecare and Elder Services

The Organization improves safety, social engagement and access to medical care for frail older adults to maximize their health, independence and quality of life as they navigate the challenges that come with aging. Programs include Homecare, Healthy Aging, Patient Navigator, Allies in Aging (geriatric care management) among a broad array of community services.

Immigrant and Youth Services

The Organization provides innovative, integrated resources that address the social, emotional and basic needs of New Americans. There is particular focus upon academic and social achievement for low-income young school age immigrant children and their families; and for first generation students striving to reach and succeed in college and the workforce. Programs include AllStars and Math Academy, Children’s clothing Closet, Healthy Harvest, Citizenship Assistance, Refugee Resettlement, Syrian Refugee Humanitarian Project and Pathways to College among a growing portfolio of community services.

Jewish Family Assistance

The Organization is reducing poverty in the Jewish community with case managers providing short and long-term comprehensive support address immediate needs of families in crisis; then continue the work to move them to stability and self-sufficiency. In partnership with Combined Jewish Philanthropies, a collaborative model of care is delivered. Programs include Family Assistance Case Management, Emergency Cash Assistance, Ready for Success (employment services), Lucy and Joe’s Food Pantry, Hebrew Free Loan.

Other Services

Adoption Choices (full service adoption programs) as well as a variety of additional community based social and education services for children, adults and families that serve both the Jewish and broader Metrowest/Greater Boston community.

JEWISH FAMILY SERVICE OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The presentation follows the recommendation of the Financial Accounting Standards Board in which the Agency is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets

Represent net assets that are not subject to donor-imposed stipulations and include all revenues and expenses associated with the principal mission of the Organization. The Board of Directors has discretionary control over all of these assets. The Board may elect to designate such resources for specific purposes. This designation may be removed at the Board's direction.

Temporarily Restricted Net Assets

Represent net assets subject to donor-imposed or grant stipulations for specific operating or capital purposes. These assets will become unrestricted when the requirements of the donor or grantor have been satisfied either by the expenditure for the specified purpose or program or through the passage of time.

Permanently Restricted Net Assets

Represent net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Investment income may be either an unrestricted or temporarily restricted resource when earned, determined according to the gift instrument.

The Organization currently has no net assets reportable as permanently restricted net assets.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from the estimates.

Cash and Cash Equivalents

The Organization considers all money market funds and investments with maturities of three months or less when acquired to be cash equivalents.

During the course of the normal business cycle the Organization may, at times, maintain cash and cash equivalent balances in excess of the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000.

JEWISH FAMILY SERVICE OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

Accounts 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, 2018 and 2017, the allowance was \$10,667 and \$14,148, 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.

Building and improvements	40 years
Office equipment and furniture	5 years
Computers	5 years
Van	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.

Investments, excluding nonmarketable alternatives, are reported at fair value, as established by the major securities markets. Nonmarketable 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.

Nonmarketable 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, 2018.

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

JEWISH FAMILY SERVICE OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

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 Company 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.

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

There have been no changes in the methodologies used at September 30, 2018 and 2017.

JEWISH FAMILY SERVICE OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

Contributions, Gifts, and Grants

The Organization records contributions, gifts, and grants as receivables and revenues and distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, collection items, or promises to give. Fund campaign contributions are recorded as revenue when the pledge is verified or received. Such contributions are considered to be available for unrestricted use unless specifically restricted by the donor or grantor. Contributions of assets other than cash are recorded at their fair value at the date of the gift. Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promissory, are recognized when the conditions on which they depend are substantially met. The Organization recognizes donated services that creates or enhances nonfinancial assets or that require specialized skills, as provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Organization records contributions, gifts and grants as contributions are reported as unrestricted net assets unless the donor has imposed stipulations that specify how the assets must be used. Assets donated with explicit restrictions and contributions of cash that must be used to acquire equipment are reported as temporarily or permanently restricted net assets. Absent donor stipulations regarding how long those donated 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 income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. Contributions to the agency are deductible by donors within the requirements of the Internal Revenue Code.

The Organization is required to recognize the financial statement impact of a tax position unless it is more likely than not that the position will be sustained upon examination. If applicable, the Organization recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in the operating expenses.

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, 2018 and 2017, respectively.

JEWISH FAMILY SERVICE OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

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 20 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 \$8,579 and \$13,843 for the years ended September 30, 2018 and 2017, 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.

Reclassifications

Certain 2017 amounts have been reclassified to conform to the 2018 presentation. Such reclassifications have no effect on previously reported changes in net assets.

NOTE 3 - CASH - RESTRICTED AND ESCROWS

Cash - restricted is comprised of the following at September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Syrian Families Emergency Cash	\$ 33,458	\$ -
Hebrew Free Loan Fund	<u>48,100</u>	<u>44,000</u>
Total Cash - Restricted	<u>\$ 81,558</u>	<u>\$ 44,000</u>

JEWISH FAMILY SERVICE OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

Cash - escrows are comprised of the following at September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Adoption Escrows	\$ 6,265	\$ 5,611

NOTE 4 - PROPERTY AND EQUIPMENT

The cost and related accumulated depreciation and amortization of property and equipment as of September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Building and improvements	\$ 545,845	\$ 545,845
Office equipment and furniture	75,713	75,713
Computers	79,020	77,778
Agency van	33,920	-
	<u>734,498</u>	<u>699,336</u>
Less accumulated depreciation	<u>411,798</u>	<u>380,518</u>
	<u>\$ 322,700</u>	<u>\$ 318,818</u>

NOTE 5 - UNCONDITIONAL PROMISES TO GIVE

Included in unconditional promises to give is an annual allocation from Combined Jewish Philanthropies of \$613,000 for September 30, 2018 and 2017.

NOTE 6 - MANAGEMENT FEES

Commencing April 1, 2012, the Organization was engaged to manage the building in which they own an office condominium. The management agreement provides for a monthly fee of \$1,917 and shall continue until it is terminated by the Condominium Trust or the Organization. Management fees paid to the Organization amounted to \$22,296 during 2018 and \$23,349 during 2017.

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 7 - 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 \$157,978 and is included in grant expense for the year ended September 30, 2018. In addition, the Organization receives sublease income from the Syrian refugee families on a monthly basis ranging from \$500 to \$2,200. For the year ended September 30, 2018, sublease income amounted to \$78,086 and is included in other service fees and program revenue.

JEWISH FAMILY SERVICE OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

The Organization leases office equipment under operating leases through June 2020. The monthly payments range from \$364 to \$880. Rent expense amounted to \$14,928 and \$14,934 for the years ended September 30, 2018 and 2017, respectively.

The future minimum rent payments for the years ending September 30 are as follows: \$13,836 for 2019 and \$7,920 for 2020.

In May 2018 the Organization entered into a one year lease for space to operate the Children's Clothing Closet. Monthly payments are \$2,035 through June 2019. Total Children's Clothing Closet rent expense amounted to \$6,105 and is included in grant expense for the year ended September 30, 2018. Future minimum rent payments are \$18,315 for the year ending September 30, 2019.

NOTE 8 - LINE OF CREDIT

The Organization has a \$200,000 line of credit with a bank secured by all assets of the Organization with no expiration date. Advances on the credit line are payable on demand and carry interest equal to the 90-day LIBOR plus 0.5%, with a minimum rate of 3.95%. At September 30, 2018 and 2017, there have been no draws on this agreement.

NOTE 9 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consist of the following at September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Passage of time restrictions:		
Combined Jewish Philanthropies	\$ 613,000	\$ 613,000
Specific purpose restrictions:		
Jewish Family Assistance	209,133	313,756
Homecare and Elder Services	355,880	354,446
Immigrant and Youth Services	613,414	640,802
Other Services	<u>291,775</u>	<u>258,958</u>
	<u>\$ 2,083,202</u>	<u>\$ 2,180,962</u>

JEWISH FAMILY SERVICE OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

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 during the years ended September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Passage of time restrictions:		
Combined Jewish Philanthropies	\$ 613,000	\$ 686,004
Specific purpose restrictions:		
Jewish Family Assistance	300,274	286,800
Homecare and Elder Services	148,394	16,678
Immigrant and Youth Services	272,600	242,072
Other services	109,006	155,205
	<u>\$ 1,443,274</u>	<u>\$ 1,386,759</u>

NOTE 11 - INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at September 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Limited partnership interest in Jewish Community Endowment Pool, LLP	\$ -	\$ -	\$ 1,060,786	\$ 1,060,786

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	\$ -	\$ -	\$ 1,012,251	\$ 1,012,251

JEWISH FAMILY SERVICE OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

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

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 1,012,251	\$ 921,422
Purchases	-	-
Interest and dividends	8,139	6,474
Net realized gain	22,371	21,133
Net change in unrealized appreciation	23,848	68,152
Investment fees	<u>(5,823)</u>	<u>(4,930)</u>
Ending Balance	\$ <u>1,060,786</u>	\$ <u>1,012,251</u>

The Organization's investments 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.

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 accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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

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.

JEWISH FAMILY SERVICE OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

Strategies Employed for Achieving Objectives

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

Changes in endowment net assets for the year ended September 30, 2018 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	\$ 1,012,251	\$ -	\$ -	\$ 1,012,251
Contributions	-	-	-	-
Investment return:				
Interest and dividends	8,139	-	-	8,139
Realized gain on endowment	22,371	-	-	22,371
Unrealized gain on endowment	23,848	-	-	23,848
Investment fees and expense	<u>(5,823)</u>	<u>-</u>	<u>-</u>	<u>(5,823)</u>
Total investment return	<u>48,535</u>	<u>-</u>	<u>-</u>	<u>48,535</u>
Endowment Net Assets, End of Year	<u>\$ 1,060,786</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,060,786</u>

Endowment net asset composition by type of fund as of September 30, 2018 consisted of the following:

	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-Designated	<u>\$ 1,060,786</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,060,786</u>

JEWISH FAMILY SERVICE OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

Changes in endowment net assets for the year ended September 30, 2017 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	\$ 921,422	\$ -	\$ -	\$ 921,422
Contributions	-	-	-	-
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 expense	(4,930)	-	-	(4,930)
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 fund type as of September 30, 2017 consisted of the following:

	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-Designated	<u>\$ 1,012,251</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,012,251</u>

NOTE 13 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 28, 2019, the date which the financial statements were available to be issued. There were no events noted that required disclosure in these financial statements.

NOTE 14 - SURPLUS REVENUE RETENTION

The Operational Service Division (OSD) has amended certain provisions in the 808 CMR 1.00: Compliance, Reporting and Auditing for Human and Social Services related to the Not-for-Profit contractor surplus revenue retention. The annual surplus limit for the years ended September 30, 2018 and 2017 is 20%. The surpluses, as determined by OSD in each given year, may be used for the nonprofit providers' charitable purposes. Any excess surplus should be used to reduce future contracts or be recouped as determined by OSD. For the years ended September 30, 2018 and 2017, the Organization did not have any surpluses in excess of the 20% rule.

**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***

To the Board of Directors
Jewish Family Service of Metrowest, Inc.
Framingham, Massachusetts

We have audited, 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, the financial statements of Jewish Family Service of Metrowest, Inc. (the Organization), which comprise the statement of financial position as of September 30, 2018 and the related statements of activities and change 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 28, 2019.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Organization'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 the Organization'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 consider 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 the Organization's financial statements are free from 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 result 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.

Blum, Shapiro & Company, P.C.

Quincy, Massachusetts
January 28, 2019