

Jewish Family Service of MetroWest, Inc.

Financial Statements

Years Ended June 30, 2019 and 2018

Jewish Family Service of MetroWest, Inc.

Financial Statements

Years Ended June 30, 2019 and 2018

C O N T E N T S

	Page
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Changes in Net Assets	5
Statement of Functional Expenses - Current Year	6
Statement of Functional Expenses - Prior Year	7
Statements of Cash Flows	8
Notes to Financial Statements	9-25
Supplementary Information	
Independent Auditor's 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	26-27



Independent Auditor's Report

Board of Trustees
Jewish Family Service of MetroWest, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Jewish Family Service of MetroWest, Inc., which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Family Service of MetroWest, Inc. as of June 30, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 1b to the financial statements, as of July 1, 2018, the Organization adopted Accounting Standards Update ("ASU") No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to that matter.

Board of Trustees
Jewish Family Service of MetroWest, Inc.
[a Non-Profit Organization]
Page 2

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2020 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.

Sax LLP

Clifton, New Jersey
February 24, 2020

Jewish Family Service of Metrowest, Inc.

Statements of Financial Position

	June 30,	
	2019	2018
ASSETS		
Cash and cash equivalents	\$ 163,937	\$ 57,125
Restricted cash held in money market account	1,102,100	1,120,928
Investments held at JCF of MetroWest, Inc.	5,109,707	5,562,615
Contributions and grants receivable, net	212,876	388,728
Program fees receivable, net	409,906	157,256
Property and equipment, net	737,756	792,646
Pension loan reserve	97,987	97,987
Due from affiliate	16,540	7,784
Other assets	234,098	234,848
	\$ 8,084,907	\$ 8,419,917
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 235,063	\$ 222,925
Mortgage payable to affiliate	1,363,388	1,409,762
Pension loan payable to affiliate	1,950,622	2,000,873
Postretirement medical plan obligation	545,076	501,105
Other liabilities	-	6,798
Total liabilities	4,094,149	4,141,463
NET ASSETS (DEFICIT)		
Without Donor Restrictions		
Board designated	199,846	402,911
Management designated	1,102,100	1,120,928
Undesignated (deficit)	(1,429,695)	(1,518,242)
Total Without Donor Restrictions	(127,749)	5,597
With Donor Restrictions	4,118,507	4,272,857
Total net assets	3,990,758	4,278,454
TOTAL LIABILITIES AND NET ASSETS	\$ 8,084,907	\$ 8,419,917

See accompanying Notes to Financial Statements.

Jewish Family Service of Metrowest, Inc.

Statements of Activities

	Years Ended June 30,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES						
Grants and contributions	\$ 679,759	\$ 488,666	\$ 1,168,425	\$ 448,091	\$ 644,054	\$ 1,092,145
Contributions from Jewish Federation of Greater MetroWest NJ						
Annual allocation	372,444	137,496	509,940	342,000	118,000	460,000
Special events, net of expenses of \$51,337 and \$61,512 in 2019 and 2018, respectively	126,975	51,760	178,735	188,205	55,074	243,279
Counseling and program fees	3,331,070	-	3,331,070	2,834,765	-	2,834,765
Investment income, net of investment fees of \$28,360 and \$34,959 in 2019 and 2018, respectively	5,980	52,667	58,647	3,072	41,949	45,021
Other revenues	20,229	-	20,229	66,913	2,086	68,999
	<u>4,536,457</u>	<u>730,589</u>	<u>5,267,046</u>	<u>3,883,046</u>	<u>861,163</u>	<u>4,744,209</u>
Net assets released from restrictions	968,999	(968,999)	-	997,485	(997,485)	-
	<u>5,505,456</u>	<u>(238,410)</u>	<u>5,267,046</u>	<u>4,880,531</u>	<u>(136,322)</u>	<u>4,744,209</u>
EXPENSES						
Program services						
Family and children services	1,066,839	-	1,066,839	1,227,831	-	1,227,831
Older adult services	2,412,205	-	2,412,205	2,130,495	-	2,130,495
Domestic violence	778,111	-	778,111	755,745	-	755,745
	<u>4,257,155</u>	<u>-</u>	<u>4,257,155</u>	<u>4,114,071</u>	<u>-</u>	<u>4,114,071</u>
Development and fundraising	89,362	-	89,362	138,392	-	138,392
Management and general	1,221,057	-	1,221,057	844,225	-	844,225
	<u>5,567,573</u>	<u>-</u>	<u>5,567,573</u>	<u>5,096,688</u>	<u>-</u>	<u>5,096,688</u>
Changes in net assets from operations	<u>(62,117)</u>	<u>(238,410)</u>	<u>(300,527)</u>	<u>(216,157)</u>	<u>(136,322)</u>	<u>(352,479)</u>
INVESTMENT INCOME						
Realized gains on investments	7,895	151,346	159,241	17,993	238,058	256,051
Unrealized gains (losses) on investments	(3,510)	(67,286)	(70,796)	5,935	106,577	112,512
	<u>4,385</u>	<u>84,060</u>	<u>88,445</u>	<u>23,928</u>	<u>344,635</u>	<u>368,563</u>
Changes in net assets before post medical plan obligation adjustment	(57,732)	(154,350)	(212,082)	(192,229)	208,313	16,084
Post medical plan obligation adjustment	(75,614)	-	(75,614)	48,155	-	48,155
Increase (decrease) in net assets	<u>\$ (133,346)</u>	<u>\$ (154,350)</u>	<u>\$ (287,696)</u>	<u>\$ (144,074)</u>	<u>\$ 208,313</u>	<u>\$ 64,239</u>

See accompanying Notes to Financial Statements.

Jewish Family Service of Metrowest, Inc.

Statements of Changes in Net Assets

	Years Ended June 30,					
	2019			2018		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
NET ASSETS (DEFICIT), <i>beginning of year</i>	\$ 5,597	\$ 4,272,857	\$ 4,278,454	\$ 149,671	\$ 4,064,544	\$ 4,214,215
Increase (decrease) in net assets	<u>(133,346)</u>	<u>(154,350)</u>	<u>(287,696)</u>	<u>(144,074)</u>	<u>208,313</u>	<u>64,239</u>
NET ASSETS (DEFICIT), <i>end of year</i>	<u>\$ (127,749)</u>	<u>\$ 4,118,507</u>	<u>\$ 3,990,758</u>	<u>\$ 5,597</u>	<u>\$ 4,272,857</u>	<u>\$ 4,278,454</u>

Jewish Family Service of Metrowest, Inc.

Statement of Functional Expenses

Year Ended June 30, 2019

	Family and Children Services	Older Adult Services	Domestic Violence	Total Program Services	Development and Fundraising	Management and General	Total
Salaries	\$ 847,563	\$ 643,156	\$ 586,235	\$ 2,076,954	\$ 79,000	\$ 488,038	\$ 2,643,992
Payroll taxes and employee benefits	118,661	74,667	76,414	269,742	6,044	200,927	476,712
Professional fees	-	-	-	-	-	45,500	45,500
Consultants	315	5,603	720	6,638	210	12,981	19,829
Direct assistance to clients	31,910	1,592,848	32,078	1,656,836	872	5,751	1,663,459
Office supplies and expense	1,265	3,585	2,723	7,573	36	38,993	46,602
Publicity and promotion	125	17,139	5,917	23,181	10	2,299	25,490
Conference and travel expense	8,849	13,584	6,897	29,330	86	6,260	35,676
Telephone	2,276	4,734	2,737	9,747	-	26,977	36,724
Transportation	-	28,328	-	28,328	-	648	28,976
Equipment rental and maintenance	8,808	660	4,680	14,148	-	106,276	120,424
Postage and printing	171	3,388	7,441	11,000	3,097	10,407	24,504
Insurance	-	-	-	-	-	26,556	26,556
Occupancy	30,951	4,625	34,104	69,680	-	110,436	180,116
Depreciation	14,299	14,299	14,299	42,897	-	14,627	57,524
Licenses, dues, and accreditation fees	-	524	450	974	-	13,474	14,448
Interest expense	-	-	-	-	-	104,169	104,169
Miscellaneous	1,646	5,065	3,416	10,127	7	6,738	16,872
	\$ 1,066,839	\$ 2,412,205	\$ 778,111	\$ 4,257,155	\$ 89,362	\$ 1,221,057	\$ 5,567,573

See accompanying Notes to Financial Statements.

Jewish Family Service of Metrowest, Inc.

Statement of Functional Expenses

Year Ended June 30, 2018

	Program Services			Total Program Services	Development and Fundraising	Management and General	Total
	Family and Children Services	Older Adult Services	Domestic Violence				
Salaries	\$ 837,382	\$ 592,268	\$ 502,816	\$ 1,932,466	\$ 113,930	\$ 392,073	\$ 2,438,469
Payroll taxes and employee benefits	159,624	102,484	92,217	354,325	19,730	73,109	447,164
Professional fees	-	-	-	-	-	45,500	45,500
Consultants	2,295	6,427	27,693	36,415	340	66,247	103,002
Direct assistance to clients	33,219	1,236,254	25,779	1,295,252	1,038	1,600	1,297,890
Office supplies and expense	5,898	4,598	5,070	15,566	225	25,250	41,041
Publicity and promotion	942	28,440	5,779	35,161	-	1,231	36,392
Conference and travel expense	15,385	20,375	3,745	39,505	51	4,968	44,524
Telephone	11,627	9,694	6,184	27,505	-	6,405	33,910
Transportation	-	37,820	-	37,820	-	1,943	39,763
Equipment rental and maintenance	52,297	30,873	17,240	100,410	17	13,943	114,370
Postage and printing	5,743	9,477	6,682	21,902	3,026	3,505	28,433
Insurance	10,459	4,802	5,085	20,346	-	3,495	23,841
Occupancy	59,840	24,970	42,528	127,338	-	76,857	204,195
Depreciation	25,723	11,810	9,382	46,915	-	8,596	55,511
Licenses, dues, and accreditation fees	5,987	3,289	2,854	12,130	-	2,001	14,131
Interest expense	-	-	22	22	-	114,742	114,764
Miscellaneous	1,410	6,914	2,669	10,993	35	2,760	13,788
	\$ 1,227,831	\$ 2,130,495	\$ 755,745	\$ 4,114,071	\$ 138,392	\$ 844,225	\$ 5,096,688

Jewish Family Service of Metrowest, Inc.

Statements of Cash Flows

	Years Ended June 30,	
	2019	2018
CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (287,696)	\$ 64,239
Adjustments to reconcile changes in net assets to net cash used for operating activities		
Depreciation	57,524	55,511
Realized and unrealized gains on investments	(88,445)	(368,563)
Changes in assets and liabilities		
Restricted cash held at JCF of Metrowest, Inc.	18,828	-
Contributions and grants receivable, net	175,852	75,961
Program fees receivable, net	(252,650)	(62,615)
Other assets	750	4,960
Accounts payable and accrued expenses	12,138	28,052
Postretirement medical plan obligation	43,971	(76,221)
Other liabilities	(6,798)	(9,765)
	(326,526)	(288,441)
CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES		
Purchases of property and equipment	(2,634)	(43,590)
Proceeds of sale of investments	650,000	401,542
Purchases of investments	(108,647)	(50,865)
	538,719	307,087
CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES		
Repayments of pension loan payable to affiliate	(50,251)	(51,795)
Net advances from (repayments to) affiliate	(8,756)	(1,702)
Repayments of mortgage principal to affiliate	(46,374)	(45,231)
	(105,381)	(98,728)
Net increase (decrease) in cash and cash equivalents	106,812	(80,082)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	57,125	137,207
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 163,937	\$ 57,125
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 104,169	\$ 114,764

See accompanying Notes to Financial Statements.

Jewish Family Service of Metrowest, Inc.

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 1 - Organization and Summary of Significant Accounting Policies

a. Nature of Agency

Jewish Family Service of MetroWest, Inc. ("JFS" or the "Organization") is a nonprofit agency organized under the laws of the State of New Jersey. As a beneficiary agency of the Jewish Federation of Greater MetroWest NJ ("JFEDGMW"), JFS operates several outreach locations and provides specialized counseling and other program services to children, families, and the elderly.

Significant sources of revenues are received from grants and contributions, counseling and program fees, and from JFEDGMW.

On June 28, 2017, a certificate of merger was filed with the Treasurer of the State of New Jersey to effect a merger between JFS and Coordinated Care of MetroWest, Inc., A New Jersey nonprofit ("CCM"). The plan of merger was approved by the JFS board on May 8, 2017 and the CCM board on May 24, 2017. Assets acquired from the merger were a money market account of \$1,147,116 held at the Jewish Community Foundation of Greater MetroWest NJ. No other assets or liabilities were transferred to JFS.

b. Basis of Presentation

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, 'Not-for-profit Entities', and the provisions of Accounting Standards Update 2016-14 Not-For-Profit Entities (Topic 958): Presentation of Financial Statement of Not-For-Profit Entities. ASU 2016-14 was adopted for year ending June 30, 2019 and requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net asset terminology has been revised accordingly and a liquidity and availability disclosure is included to comply with the new ASU.

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. These net assets are further classified as:

Board designated - endowments - representing restricted funds for debt service reserves, building reserves, and other long-term operations reserves. The above funds are maintained in "Investments - board designated" on the statements of financial position.

Board designated net assets - representing restricted funds for capital expenditures, short-term operating reserves, real property purchases, and strategic initiatives. The above funds are maintained in "Investments - board designated" and "Cash restricted - board designated" on the statements of financial position.

Undesignated net assets are not subject to board restrictions.

Net Assets With Donor Restrictions - Net assets that are subject to donor imposed stipulations that may or will be met either by actions of Jewish Family Services of Metrowest, Inc, and/or the passage of time and are identified in Note 10.

Jewish Family Service of Metrowest, Inc.

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

c. Income Tax Status

JFS is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, JFS qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization had no unrecognized tax benefits at June 30, 2019 or 2018. The Organization has no open years subject to examination prior to June 30, 2014. Furthermore, there are no tax related interest or penalties reflected in the financial statements presented.

d. Operating Activities

The Organization considers all revenues and expenses to be operating activities except for pension related changes and unrealized and realized gains and losses on investments.

e. Revenue and Support

JFS recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as unrestricted or restricted support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

JFS accounts for those grant and contract revenues included in counseling and program fees as exchange transactions in the statements of activities to the extent that expenses have been incurred for the purpose specified by the grantor during the period. In applying this concept, the legal and contractual requirements of each individual contract are used as guidance. All monies not expended in accordance with the grant or contracts are recorded as a liability to the funding source as JFS does not maintain any equity in the grant or contract. Additionally, funds received in advance of their use are accounted for as deferred revenue in the statements of financial position.

Other unrestricted revenues are obtained from contributions, counseling and program fees, and investment earnings. Counseling and program fees are recorded as revenue when the services are provided. Revenue is reported at the estimated net realizable amounts due from payers.

The Organization recognizes counseling revenue on the date that the services are performed, and program fees receivable are recorded at that time. Revenue is reported at the estimated net realizable amounts due from payers.

f. Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis. Accordingly, certain expenses have been allocated to program services based on the percentage of each program's salaries to total salaries, or other and reasonable basis consistent with the benefit derived by each program.

g. Cash and Cash Equivalents

For purposes of the statements of cash flows, JFS considers all highly liquid debt instruments purchased with a maturity of three months or less at the time of acquisition, to be cash equivalents.

Jewish Family Service of Metrowest, Inc.

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

h. Property, Equipment, and Depreciation

Property and equipment is recorded at cost, except for donated items which are recorded at fair value on the date of the donation. When donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

The principal rates for computing depreciation by major asset categories are as follows:

Description	Percent
Condominium building	2.5
Furniture and fixtures	7
Equipment	10-20

When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts. Maintenance and repairs are charged to operations as incurred.

i. Valuation of Long-Lived Assets

In accordance with the provisions of the accounting standard for the impairment or disposal of long-lived assets, the Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these financial statements.

j. Estimates

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

k. Defined Benefit Pension and Other Post Retirement Plans

The accounting standard for employers' accounting for defined benefit and other post retirement plans requires that a plan sponsor recognize the funded status of its plan(s) in the statement of financial position. The funded status of a defined benefit pension plan is measured as the excess (deficit) of plan assets over (under) the plan's projected benefit obligation; the funded status of other post retirement plans is measured as the excess (deficit) of plan assets over (under) a plan's accumulated benefit obligation. This standard also requires that the measurement of a plan's funded status be performed as of the plan sponsor's fiscal year end.

Jewish Family Service of Metrowest, Inc.

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

I. Recent Pending Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2016, the FASB issued ASU 2016-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Organization has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Organization is currently evaluating the impact of the pending adoption of the new standard on the Organization financial statements.

In 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. Per this ASU, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The standard is effective for fiscal years beginning after December 15, 2018.

Note 2 - Management Plans to Reduce the Deficit

Management has continued its process of reviewing all programs of the agency in an effort to identify areas that contribute to the deficit and to determine whether they are core to the mission of the agency and whether any service can be delivered more efficiently. The review will also extend to all management and administrative expenses.

Note 3 - Investments

Investments in equity securities with readily determinable values and all investments in debt securities are measured at fair value in the statements of financial position. Donated investments are recorded at the fair value at the date of receipt. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Jewish Family Service of Metrowest, Inc.

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 3 - Investments - Continued

Investments held at the Jewish Community Foundation of Greater MetroWest NJ ("JCF"), which represent JFS' share of the fair value of pooled investments, consist of the following:

	June 30, 2019		June 30, 2018	
	Cost	Fair Value	Cost	Fair Value
Managed investment pool	\$ 5,343,368	\$ 5,109,707	\$ 5,725,481	\$ 5,562,615

In November 2017, the restricted cash held at the JCF was transferred to M&T bank. The cost and fair value as of June 30, 2019 and June 30, 2018 amounted to \$1,102,100 and \$1,120,928.

Investment income, exclusive of realized and unrealized gains and losses, but including earnings on amounts invested with JCF for the years ended June 30, 2019 and 2018 amounted to \$58,647 and \$45,021, respectively, and represented annual returns of approximately 1.10% and 0.80%, respectively, based on average market value. Investment income including realized and unrealized gains and losses for the years ended June 30, 2019 and 2018, represented annual returns (losses) of approximately 2.76% and 6.64%, respectively.

Investment income consists of the following:

	June 30,	
	2019	2018
Operating		
Investment income	\$ 87,007	\$ 79,980
Less investment fees	(28,360)	(34,959)
	\$ 58,647	\$ 45,021
Non-operating		
Realized gains on investments	\$ 159,241	\$ 256,051
Unrealized gains/(losses) on investments	(70,796)	112,512
	\$ 88,445	\$ 368,563

Fair Value Accounting

Recurring Fair Value Measurements:

Pursuant to the accounting standard for fair value measurements, JFS has provided fair value disclosure information for relevant assets and liabilities in the financial statements. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, this pronouncement establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Jewish Family Service of Metrowest, Inc.

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 3 - Investments - Continued

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. The fair value of the investments held at JCF are estimated using the net asset values per unit of the pools.

Pooled investments: The fair value of units of pooled investments is primarily valued at net asset value per share based on quoted market prices of underlying investments, except as otherwise noted. The fair value of investments measured at NAV are \$5,109,707 and \$5,562,615 as of June 30, 2019 and 2018, respectively.

- (a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

Fair Value of Investments in Entities that Use NAV

The following table summarized investments measured at fair value based on NAV per share as of June 30, 2019 and 2018, respectively.

	2019 Fair Value	2018 Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Pooled investments held by JCF	\$ 5,109,707	\$ 5,562,615	N/A	25% Per year	30 Days

The following is a summary of activity for the years ended June 30, 2019 and 2018 for assets measured at fair value based upon unobservable inputs.

	June 30,	
	2019	2018
Pooled investments held by JCF		
Balance, beginning of year	\$ 5,562,615	\$ 5,518,542
Purchases	50,000	5,842
Income	87,007	74,320
Fees	(28,360)	(29,652)
Appropriations	(650,000)	(375,000)
Realized/unrealized gains	88,445	368,563
Balance, end of year	<u>\$ 5,109,707</u>	<u>\$ 5,562,615</u>

Jewish Family Service of Metrowest, Inc.

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 3 - Investments - Continued

The JCF managed investment pool is comprised of various types of equity and debt investments. As of June 30, 2019, and 2018, the investment composition of the JCF managed investment pool was as follows:

	June 30,	
	2019	2018
Pooled investments held by JCF		
Cash and cash equivalents	0.94%	1.09%
U.S. Treasury obligations	5.88%	5.88%
U.S. Government agencies	0.34%	0.63%
Corporate and foreign bonds	5.76%	6.74%
Equities	28.02%	30.03%
Mutual funds	33.36%	34.88%
Limited partnerships	25.70%	20.75%
Total pooled investments	100.00%	100.00%

Note 4 - Endowment Funds

JFS' endowment consists of funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net asset composition by type of fund as of June 30, 2019 and 2018 is as follows:

	June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 199,846	\$ -	\$ 199,846
Donor-restricted endowment funds	(36,059)	2,637,710	2,601,651
	\$ 163,787	\$ 2,637,710	\$ 2,801,497
	June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 402,911	\$ -	\$ 402,911
Donor-restricted endowment funds	(9,200)	2,677,446	2,668,246
	\$ 393,711	\$ 2,677,446	\$ 3,071,157

Jewish Family Service of Metrowest, Inc.

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 4 - Endowment Funds - Continued

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Organization and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment policies of the Organization.

Changes in endowment net assets for the years ended June 30, 2019 and 2018 are as follows:

	Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 393,711	\$ 2,677,446	\$ 3,071,157
Investment return			
Investment income	5,980	27,236	33,216
Net appreciation (realized and unrealized)	4,385	43,471	47,856
Total investment return	10,365	70,707	81,072
Contributions	-	50,000	50,000
Appropriation of endowment assets for expenditure	(240,289)	(160,443)	(400,732)
Endowment net assets, end of year	\$ 163,787	\$ 2,637,710	\$ 2,801,497
	Year Ended June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 359,905	\$ 2,635,909	\$ 2,995,814
Investment return			
Investment income	12,430	11,201	23,631
Net appreciation (realized and unrealized)	101,462	92,779	194,241
Total investment return	113,892	103,980	217,872
Contributions	1,642	745	2,387
Appropriation of endowment assets for expenditure	(81,728)	(63,188)	(144,916)
Endowment net assets, end of year	\$ 393,711	\$ 2,677,446	\$ 3,071,157

Jewish Family Service of Metrowest, Inc.

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 4 - Endowment Funds - Continued

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NJUPMIFA requires the Organization to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in net assets without restrictions were \$36,059 and \$9,200 as of June 30, 2019 and 2018, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after the investments of new permanently restricted contributions and continued appropriation of certain programs that were deemed prudent by the Board of Trustees.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has an annual endowment spending policy that is specifically designed to assist in funding annual programming objectives and to preserve the value of the investment portfolio over time. Spending of the endowment should be 5% of the portfolio. Any spending in excess of this amount is subject to board approval. In establishing this policy, the Organization considered the long-term expected returns on its endowments. Accordingly, over the long-term, the Organization expects the current spending policy to allow its endowments to grow and maintain their value to support operations in the future. To meet these objectives the Organization utilizes a total return investment approach, which emphasizes total investment return, consisting of investment income and realized and unrealized gains or losses and, accordingly, invests in equities, fixed income and money market accounts, or managed funds consisting of such instruments.

Note 5 - Contributions, Program Fees, and Grants Receivable

Unconditional promises to give are recorded as receivables and revenue when received. The Organization distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions.

Contributions and grants receivable as of June 30 are as follows:

	<u>2019</u>	<u>2018</u>
In one year or less	\$ 212,876	\$ 378,728
Between one year and five years	-	10,000
	<u>\$ 212,876</u>	<u>\$ 388,728</u>

Program fees receivable are expected to be collected in the current year.

Jewish Family Service of Metrowest, Inc.

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 6 - Property and Equipment

Property and equipment at June 30, 2019 and 2018 consisted of the following:

	June 30,	
	2019	2018
Condominium land	\$ 283,812	\$ 283,812
Condominium building	869,512	869,512
Furniture and fixtures	402,555	402,555
Equipment	899,407	896,773
	<u>2,455,286</u>	<u>2,452,652</u>
Less accumulated depreciation	1,717,530	1,660,006
Property and equipment, net	<u>\$ 737,756</u>	<u>\$ 792,646</u>

Depreciation expense amounted to \$57,524 and \$55,511 for the years ended June 30, 2019 and 2018, respectively.

Note 7 - Line of Credit

JFS maintains a collateralized \$200,000 revolving line of credit with interest at the bank's prime rate plus .5 percent. The line of credit is payable on demand. There are no amounts outstanding under the line as of June 30, 2019 or 2018.

Note 8 - Affiliation and Related Party Transactions

JFS is a beneficiary agency of JFEDGMW and as such is subject to all of the rights, privileges, obligations, and limitations as specified in the by-laws of that organization. JFS receives an annual allocation from JFEDGMW and participates in pension and other benefit plans administered by JFEDGMW. In addition, JCF, a separate 501(c)(3) organization, receives, invests, administers, and allocates funds for the benefit of JFEDGMW and its affiliated organizations, including JFS.

Jewish Family Service of Metrowest, Inc.

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 8 - Affiliation and Related Party Transactions - Continued

Related party transactions at June 30, and for the years then ended included the following:

	2019	
	Assets/ (Liabilities)	Revenues/ (Expenses)
Annual allocation from JFEDGMW and inter-company balanc	\$ 16,540	\$ 509,940
Assets held by JCF and investment earnings	\$ 5,109,707	\$ 147,092
Pension loan due to and interest charged by JFEDGMW	\$ (1,950,622)	\$ (68,072)
Pension loan reserve held at JFEDGMW	\$ 97,987	\$ -
Mortgage due to and interest charged by JFEDGMW	\$ (1,363,388)	\$ (36,097)
	2018	
	Assets/ (Liabilities)	Revenues/ (Expenses)
Annual allocation from JFEDGMW and inter-company balanc	\$ 7,784	\$ 460,000
Assets held by JCF and investment earnings	\$ 5,562,615	\$ 411,656
Pension loan due to and interest charged by JFEDGMW	\$ (2,000,873)	\$ (77,157)
Pension loan reserve held at JFEDGMW	\$ 97,987	\$ -
Mortgage due to and interest charged by JFEDGMW	\$ (1,409,762)	\$ (33,192)

The mortgage is payable to JFEDGMW in monthly installments subject to adjustments on the last day of each quarter, at a rate of the Five-Year Treasury Constant Maturity + 2% maturing in December 2036. During the current year, the Federation Board of Trustees approved a reduction in interest rate effective January 1, 2018. The rate was reduced to the Five-Year Treasury Constant Maturity + 0.25%. The mortgage is collateralized by a subordinated lien on the JFS facility in Florham Park, New Jersey.

Scheduled principal payments required with JFEDGMW are as follows:

For the year ending June 30,	
2020	\$ 49,978
2021	52,535
2022	55,223
2023	58,048
2024	61,018
Thereafter	1,086,586
	\$ 1,363,388

The pension loan payable is payable to JFEDGMW in monthly installments. The pension loan payable will be amortized over a term of 25 years. The interest rate will be fixed at 3.75% for the first 10 years and subsequently reset in five-year increments at .8% over the matching 5 years Treasury bill rate at the time.

Jewish Family Service of Metrowest, Inc.

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 8 - Affiliation and Related Party Transactions - Continued

Scheduled principal payments required with pension loan payable to JEFGMW are as follows:

For the year ending June 30,

2020	\$	55,505
2021		57,853
2022		60,093
2023		62,417
2024		64,656
Thereafter		1,650,098
		\$ 1,950,622

Note 9 - Benefit Plans

Post-Retirement Medical Plan

JFS participates in a multiple-employer post-retirement medical benefits plan (the "Medical Plan") which is also administered by JFEDGMW. The Medical Plan is unfunded and provides subsidized medical and pharmaceutical benefits for full-time employees and pro rata benefits for part-time employees who retired at age 55 having completed 20 years of service by December 31, 2006 or employees who have completed 10 years of service and were age 62 before April 1, 2004 and who have retired as of December 31, 2006.

The following table sets forth the Medical Plan's funded status at June 30, and its net periodic cost for the years then ended:

	2019	2018
Funded status		
Benefit obligation	\$ (545,076)	\$ (501,105)
Plan assets at fair value	-	-
Funded status - (liability) asset	\$ (545,076)	\$ (501,105)
Periodic cost		
Interest cost	\$ 18,319	\$ 18,556
Amortization of prior service costs	3,011	3,007
Amortization of net loss	7,061	10,337
Net periodic benefit cost	\$ 28,391	\$ 31,900
Change in plan assets		
Plan assets at beginning of year		
Employer contributions	\$ 61,884	\$ 59,966
Plan participant contributions	29,064	28,392
Benefits paid	(90,948)	(88,358)
Plan assets at end of year	\$ -	\$ -

Jewish Family Service of Metrowest, Inc.

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 9 - Benefit Plans - Continued

	2019	2018
Change in benefit obligation		
Benefit obligation, beginning of year	\$ 501,105	\$ 577,326
Interest cost	18,319	18,556
Participants' contributions	29,064	28,392
Actuarial losses (gains)	87,536	(34,811)
Benefit payments	(90,948)	(88,358)
Benefit obligation, end of year	\$ 545,076	\$ 501,105

Weighted average assumptions as of June 30:

	2019	2018
Weighted average discount rate	3.10%	3.90%
Health care cost trend rate	5.40%	5.40%

The health care cost trend rate of 5.4% at June 30, 2019 is assumed to decrease to 5.3% in 2020.

A 1% change in the assumed health care cost trend rate would have the following future effect on:

	1% Point Increase	1% Point Increase
Service and interest cost components of net periodic cost	\$ 1,381	\$ 1,597
Accumulated benefit obligation	\$ 44,533	\$ 40,939

The following table provides information related to expected benefit payments for each of the 5 years following the measurement date and cumulatively for the subsequent five-year period:

Fiscal year beginning July 1,	Amount
2020	\$ 57,600
2021	\$ 54,300
2022	\$ 51,500
2023	\$ 48,000
From 2024 to 2028	\$ 190,400

Jewish Family Service of Metrowest, Inc.

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 9 - Benefit Plans - Continued

Amounts not recognized as a component of net periodic postretirement benefit costs:

	2019	2018
Prior service cost	\$ 3,011	\$ 3,007
	\$ 3,011	\$ 3,007

At June 30, 2019 and 2018, the current portion of the Medical Plan's accumulated benefit obligation is \$32,925 and \$28,391, respectively.

Other

JFS also participates in a JFEDGMW-sponsored pre-tax cafeteria payroll withholding plan for all full-time and part-time employees and beneficiary agency employees who work a minimum of 20 hours per week. These withholdings are allowed to cover health care expenses not covered under the medical plans, the employee's share of medical premiums, and dependent care expenses. All monies withheld and not utilized under the plan are forfeited.

JFS also participates in a JFEDGMW-sponsored 403(b) tax deferred annuity plan that permits employees to contribute on a deferred tax basis up to 9% of their salary, to the maximum annual contribution allowed by law.

Note 10 - Net Assets With Donor Restrictions

Donor Restricted net assets are available for the following purposes or periods as of June 30:

	2019	2018
Time restrictions	\$ -	\$ 109,531
Donor purpose restrictions		
General operations	1,288,253	1,288,253
Family and children services	704,086	704,086
Play therapy program	100,000	100,000
Domestic violence community education	156,000	110,000
DV court advocate program	100,000	100,000
Counseling and case management	117,300	117,300
Family Support Center	104,517	99,202
Older adults programs	67,578	64,141
Domestic violence	1,270,139	1,380,422
Family and children	210,634	199,922
Total Donor Restricted net assets	\$ 4,118,507	\$ 4,272,857

Jewish Family Service of Metrowest, Inc.

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 10 - Net Assets With Donor Restrictions - Continued

Donor restricted net assets were released for the following purposes during the year ended June 30:

	<u>2019</u>	<u>2018</u>
Time released	\$ 109,531	\$ 178,408
HIPPA compliance	-	24,063
Older adults program	198,605	214,033
Domestic violence	406,590	255,492
Family and children	<u>254,273</u>	<u>325,489</u>
Total Donor Restricted net assets	<u>\$ 968,999</u>	<u>\$ 997,485</u>

Note 11 - Concentrations

Financial instruments that potentially subject JFS to concentrations of credit risk consist of cash, investments, and receivables. JFS' policy is to invest in high quality securities at a variety of financial institutions and pooled funds at JCF of MetroWest, Inc. Such investments are subject to market fluctuations. At various times throughout the year, JFS had cash balances in excess of FDIC insurance coverage. Contributions and program fees receivable are evaluated for likelihood of uncollectability and allowances have been recorded based on management's best estimates. For the year ended June 30, 2019, one donor accounted for approximately 30% of total operating support and revenues, and for the year ended June 30, 2018 one donor accounted for approximately 25% of total operating support and revenues.

Note 12 - Lease Commitments

JFS rents space for administrative and program uses. This non-cancelable lease expires in December 2023. Rental expense amounted to \$60,481 and \$65,615 for the years ended June 30, 2019 and 2018, respectively.

Future minimum lease payments are as follows:

For the year ending June 30,	
2020	\$ 53,316
2021	53,316
2022	53,316
2023	53,316
2024	<u>26,658</u>
	<u>\$ 239,922</u>

JFS also rents office equipment through operating leases that expire in various years through March 2022. Rental expense under these non-cancelable operating leases amounted to \$26,776 and \$26,776 for the years ended June 30, 2019 and 2018, respectively.

Jewish Family Service of Metrowest, Inc.

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 12 - Lease Commitments - Continued

Future minimum lease payments under these leases are as follows:

For the year ending June 30,

2020	\$	21,900
2021		21,900
2022		16,425
	\$	<u>60,225</u>

JFS leased a portion of its administrative offices to one unrelated organization under a non-cancelable operating lease that expired in December 2017. Rental income under this lease totaled \$63,750 for the year ended June 30, 2018 and is included in other revenues in the statements of activities. This rental income gives rise to unrelated business income and therefore, any net income generated is subject to Federal income taxes.

Note 13 - Other Assets

Included in other assets at June 30, 2019 and 2018 are cemetery plots, which have been donated to the Organization. The carrying value of the plots, which are the estimated fair value of the plots at the date of the donation, was \$193,360 and \$193,360 respectively.

JFS is the owner and beneficiary of several life insurance policies with a face value of \$275,000 that were donated to it. The cash surrender value of these policies, which has been included in other assets, was \$40,738 and \$40,738 at June 30, 2019 and 2018, respectively.

Note 14 - Liquidity

The following reflects the Organization's financial assets as of June 30, 2019, reduced by amounts not available for general use due to donor imposed restrictions, board designations (long term operations reserves and restricted cash designations).

Jewish Family Service of Metrowest, Inc.

Notes to Financial Statements

Years Ended June 30, 2019 and 2018

Note 14 - Liquidity - Continued

	<u>June 30, 2019</u>
Financial assets, at end of year	
Cash and cash equivalents	\$ 163,937
Restricted cash held in money market account	1,102,100
Investments held at JCF of MetroWest, Inc.	5,109,707
Contributions and grants receivable, net	212,876
Program fees receivable, net	409,906
	<u>6,998,526</u>
Less Contractual restrictions, donor-imposed restrictions, and designated funds:	
Board restricted - endowments	1,102,100
Board designated funds	199,846
Donor-imposed restricted funds	4,118,507
	<u>5,420,453</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,578,073</u>

The Organization is primarily supported by revenues from donations, grants and investment income to satisfy operational requirements. To help manage unanticipated liquidity needs, JFS has access to board designated funds and a \$200,000 available line of credit. Should additional financial distress occur, board restricted endowments are available for general expenditure with board approval. In addition, management is currently working with donors to remove the imposed restrictions on several of these funds.

Note 15 - Subsequent Events

The Organization has evaluated subsequent events occurring after the statement of financial position date through the date of February 24, 2020 which is the date the financial statements were available to be issued.

The Organization entered into an agreement on November 6, 2019 with JFEDGMW related to the mortgage payable to JFEDGMV. JFEDGMV agreed to forgive \$670,000 of the mortgage over the next three years beginning January 1, 2020 in exchange for certain items as stipulated by the agreement.



**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**

Independent Auditor's Report

Board of Trustees
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., which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated February 24, 2020.

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 Jewish Family Service of MetroWest, Inc.'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 Jewish Family Service of MetroWest, Inc.'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 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.

Sax LLP

Clifton, New Jersey
February 24, 2020