

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

Financial Statements

Years Ended June 30, 2020 and 2019

# Jewish Family Service of MetroWest, Inc.

## Financial Statements

Years Ended June 30, 2020 and 2019

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## 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, 2020 and 2019, 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, 2020 and 2019, 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.

Board of Trustees  
Jewish Family Service of MetroWest, Inc.  
[a Non-Profit Organization]  
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***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2021 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*

Parsippany, New Jersey  
January 29, 2021

# Jewish Family Service of MetroWest, Inc.

## Statements of Financial Position

	June 30,	
	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,915,538	\$ 163,937
Restricted cash held in money market account	4,019	1,102,100
Restricted cash held in investments	31,649	-
Investments	5,768,446	5,109,707
Contributions and grants receivable, net	154,776	212,876
Program fees receivable, net	277,653	409,906
Property and equipment, net	682,945	737,756
Pension loan reserve	97,987	97,987
Due from affiliate	23,708	16,540
Other assets	234,098	234,098
	<b>\$ 9,190,819</b>	<b>\$ 8,084,907</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 213,759	\$ 235,063
Mortgage payable to affiliate	1,082,097	1,363,388
Pension loan payable to affiliate	1,896,216	1,950,622
Paycheck Protection Program ("PPP") loan payable	545,685	-
Postretirement medical plan obligation	483,096	545,076
Deferred revenue	649,620	-
Total liabilities	4,870,473	4,094,149
<b>NET ASSETS (DEFICIT)</b>		
Without donor restrictions	412,959	(127,749)
With donor restrictions	3,907,387	4,118,507
Total net assets	4,320,346	3,990,758
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 9,190,819</b>	<b>\$ 8,084,907</b>

See Accompanying Notes to Financial Statements.

## Jewish Family Service of MetroWest, Inc.

### Statements of Activities

	Years Ended June 30,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>						
Grants and contributions	\$ 1,423,779	\$ 565,479	\$ 1,989,258	\$ 679,759	\$ 488,666	\$ 1,168,425
Contributions from Jewish Federation of Greater MetroWest NJ						
Annual allocation	256,330	216,000	472,330	372,444	137,496	509,940
Forgiveness of mortgage payable to affiliate	222,923	-	222,923	-	-	-
Special events, net of expenses of \$80,253 and \$51,337 in 2020 and 2019, respectively	6,602	-	6,602	126,975	51,760	178,735
Counseling and program fees	4,012,894	-	4,012,894	3,331,070	-	3,331,070
Investment income, net of investment fees of \$32,438 and \$28,360 in 2020 and 2019, respectively	6,652	37,382	44,034	5,980	52,667	58,647
Other revenues	15,221	-	15,221	20,229	-	20,229
	<u>5,944,401</u>	<u>818,861</u>	<u>6,763,262</u>	<u>4,536,457</u>	<u>730,589</u>	<u>5,267,046</u>
Net assets released from restrictions	954,133	(954,133)	-	968,999	(968,999)	-
	<u>6,898,534</u>	<u>(135,272)</u>	<u>6,763,262</u>	<u>5,505,456</u>	<u>(238,410)</u>	<u>5,267,046</u>
<b>EXPENSES</b>						
Program services						
Family and children services	1,231,242	-	1,231,242	1,066,839	-	1,066,839
Older adult services	3,021,123	-	3,021,123	2,412,205	-	2,412,205
Domestic violence	897,745	-	897,745	778,111	-	778,111
	<u>5,150,110</u>	<u>-</u>	<u>5,150,110</u>	<u>4,257,155</u>	<u>-</u>	<u>4,257,155</u>
Development and fundraising	99,687	-	99,687	89,362	-	89,362
Management and general	1,010,810	-	1,010,810	1,221,057	-	1,221,057
	<u>6,260,607</u>	<u>-</u>	<u>6,260,607</u>	<u>5,567,574</u>	<u>-</u>	<u>5,567,574</u>
<b>Changes in net assets from operations</b>	<u>637,927</u>	<u>(135,272)</u>	<u>502,655</u>	<u>(62,117)</u>	<u>(238,410)</u>	<u>(300,527)</u>
<b>INVESTMENT INCOME</b>						
Realized gains on investments	35,875	37,913	73,788	7,895	151,346	159,241
Unrealized (losses) on investments	(163,144)	(113,761)	(276,905)	(3,510)	(67,286)	(70,796)
	<u>(127,269)</u>	<u>(75,848)</u>	<u>(203,117)</u>	<u>4,385</u>	<u>84,060</u>	<u>88,445</u>
Changes in net assets before defined benefit/post retirement plan adjustment	510,658	(211,120)	299,538	(57,732)	(154,350)	(212,082)
Defined benefit/post retirement plan adjustment	30,050	-	30,050	(75,614)	-	(75,614)
<b>Increase (decrease) in net assets</b>	<u>\$ 540,708</u>	<u>\$ (211,120)</u>	<u>\$ 329,588</u>	<u>\$ (133,346)</u>	<u>\$ (154,350)</u>	<u>\$ (287,696)</u>

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

Statements of Changes in Net Assets

	Years Ended June 30,					
	2020			2019		
	<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>
<b>NET ASSETS (DEFICIT), <i>beginning of year</i></b>	\$ (127,749)	\$ 4,118,507	\$ 3,990,758	\$ 5,597	\$ 4,272,857	\$ 4,278,454
Increase (decrease) in net assets	540,708	(211,120)	329,588	(133,346)	(154,350)	(287,696)
<b>NET ASSETS (DEFICIT), <i>end of year</i></b>	<b><u>\$ 412,959</u></b>	<b><u>\$ 3,907,387</u></b>	<b><u>\$ 4,320,346</u></b>	<b><u>\$ (127,749)</u></b>	<b><u>\$ 4,118,507</u></b>	<b><u>\$ 3,990,758</u></b>

## Jewish Family Service of MetroWest, Inc.

### Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services			Total Program Services	Development and Fundraising	Management and General	Total
	Family and Children Services	Older Adult Services	Domestic Violence				
Salaries	\$ 997,334	\$ 736,875	\$ 713,793	2,448,002	\$ 86,946	\$ 280,350	\$ 2,815,298
Payroll taxes and employee benefits	137,969	91,361	86,142	315,472	6,651	179,131	501,254
Professional fees	-	-	-	-	-	35,604	35,604
Consultants	1,729	5,575	980	8,284	110	33,375	41,769
Direct assistance to clients	16,794	2,114,728	16,554	2,148,076	913	-	2,148,989
Office supplies and expense	2,598	4,400	8,024	15,022	42	44,450	59,514
Publicity and promotion	245	18,084	4,515	22,844	-	1,805	24,649
Conference and travel expense	5,448	14,494	4,936	24,878	37	-	24,915
Telephone	3,971	3,820	2,259	10,050	-	20,000	30,050
Transportation	-	4,081	-	4,081	-	-	4,081
Equipment rental and maintenance	13,966	984	6,031	20,981	-	124,138	145,119
Postage and printing	1,353	3,852	560	5,765	4,988	2,398	13,151
Insurance	-	-	1,270	1,270	-	27,452	28,722
Occupancy	31,797	-	34,812	66,609	-	115,792	182,401
Depreciation	13,703	13,703	13,703	41,109	-	13,703	54,812
Licenses, dues, and accreditation fees	4,000	675	750	5,425	-	12,744	18,169
Interest expense	-	-	-	-	-	102,713	102,713
Miscellaneous	335	8,491	3,416	12,242	-	17,155	29,397
	<b><u>\$ 1,231,242</u></b>	<b><u>\$ 3,021,123</u></b>	<b><u>\$ 897,745</u></b>	<b><u>\$ 5,150,110</u></b>	<b><u>\$ 99,687</u></b>	<b><u>\$ 1,010,810</u></b>	<b><u>\$ 6,260,607</u></b>



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

Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services			Total Program Services	Development and Fundraising	Management and General	Total
	Family and Children Services	Older Adult Services	Domestic Violence				
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
	<b>\$ 1,066,839</b>	<b>\$ 2,412,205</b>	<b>\$ 778,111</b>	<b>\$ 4,257,155</b>	<b>\$ 89,362</b>	<b>\$ 1,221,057</b>	<b>\$ 5,567,573</b>

# Jewish Family Service of MetroWest, Inc.

## Statements of Cash Flows

	<b>Years Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 329,588	\$ (287,696)
Adjustments to reconcile increase (decrease) in net assets to net cash used for operating activities		
Depreciation	54,812	57,524
Realized and unrealized gains (losses) on investments	203,117	(88,445)
Forgiveness of mortgage payable to affiliate	(222,923)	
Changes in operating assets and liabilities		
Contributions and grants receivable	58,100	175,852
Program fees receivable	132,253	(252,650)
Other assets	-	750
Accounts payable and accrued expenses	(21,305)	12,138
Postretirement medical plan obligation	(61,980)	43,971
Deferred revenue	649,620	(6,798)
	<b>1,121,282</b>	<b>(345,354)</b>
<b>CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>		
Purchases of property and equipment	-	(2,634)
Proceeds of sale of investments	225,000	650,000
Purchases of investments	(1,086,856)	(108,647)
	<b>(861,856)</b>	<b>538,719</b>
<b>CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES</b>		
Repayments of pension loan payable to affiliate	(54,406)	(50,251)
Proceeds from paycheck protection program	545,685	-
Net repayments to affiliate	(7,168)	(8,756)
Repayments of mortgage principal to affiliate	(58,368)	(46,374)
	<b>425,743</b>	<b>(105,381)</b>
<b>Net increase in cash and cash equivalents</b>	<b>685,169</b>	<b>87,984</b>
<b>CASH , CASH EQUIVALENTS, AND RESTRICTED CASH, <i>beginning of year</i></b>	<b>1,266,037</b>	<b>1,178,053</b>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, <i>end of year</i></b>	<b>\$ 1,951,206</b>	<b>\$ 1,266,037</b>
Reconciliation of cash, cash equivalents, and restricted cash balances:		
Cash and cash equivalents	\$ 1,915,538	\$ 163,937
Restricted cash	35,668	1,102,100
Total cash, cash equivalents, and restricted cash	<b>\$ 1,951,206</b>	<b>\$ 1,266,037</b>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest	<b>\$ 102,713</b>	<b>\$ 104,169</b>

See Accompanying Notes to Financial Statements.

# Jewish Family Service of MetroWest, Inc.

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### **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.

#### *b. Basis of Presentation*

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 9.

# Jewish Family Service of MetroWest, Inc.

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### **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, 2020 or 2019. The Organization has no open years subject to examination prior to June 30, 2017. 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

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.

#### *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 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, 2020 and 2019

### 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 ("U.S. GAAP") 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, 2020 and 2019

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

#### *l. Recent Pending Pronouncements*

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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 June 2020, the FASB issued ASU 2020-05 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2019. 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 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, 2021, 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 June 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires a not-for-profit organization to provide additional disclosures on the contributed nonfinancial assets with the intent to improve transparency in the reporting of contributed nonfinancial assets. The ASU is effective for fiscal years beginning after June 15, 2021.

#### *m. Newly Adopted Accounting Pronouncements*

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. This standard was adopted for the fiscal year ended June 30, 2020 and retroactively applied to the cash flow statement for the year ended June 30, 2019. The restricted cash for the years ended June 30, 2019 that was reclassified was \$1,102,100.

The Organization adopted ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of July 1, 2019. The ASU clarifies the distinction between grants and similar contracts with governmental agencies and others as exchange transactions or contributions, as well as distinguishing between conditional and unconditional contributions. The adoption of this ASU had no impact on the June 30, 2020 and June 30, 2019 financial results.

# Jewish Family Service of MetroWest, Inc.

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### Note 2 - 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 unrestricted net assets unless the income or loss is restricted by donor or law.

Investment fair values are summarized as follows:

	June 30, 2020		June 30, 2019	
	Cost	Fair Value	Cost	Fair Value
Managed investment pool (see Note 7)	\$ 5,241,790	\$ 4,756,295	\$ 5,343,368	\$ 5,109,707
Mutual funds	92,826	91,008	-	-
Government obligations	60,402	63,210	-	-
Corporate bonds	149,537	154,650	-	-
Common stocks	732,453	703,283	-	-
Total	<u>\$ 6,277,008</u>	<u>\$ 5,768,446</u>	<u>\$ 5,343,368</u>	<u>\$ 5,109,707</u>

Investment income with investments consists of the following:

	Years Ended June 30,	
	2020	2019
Operating		
Investment income	\$ 76,473	\$ 87,007
Less investment fees	(32,439)	(28,360)
	<u>\$ 44,034</u>	<u>\$ 58,647</u>
Non-operating		
Realized gains on investments	\$ 73,785	\$ 159,241
Unrealized gains/(losses) on investments	(276,905)	(70,796)
	<u>\$ (203,120)</u>	<u>\$ 88,445</u>

# Jewish Family Service of MetroWest, Inc.

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### Note 2 - Investments - Continued

#### 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:

- 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 following is a description of the valuation methodologies used for instruments measured at fair value for investments held at Stifel:

#### Mutual Funds and Common Stocks

The fair value of common stocks is the market value based on quoted market prices or market prices provided by recognized broker dealers. Mutual funds and common stocks have been classified as Level 1.

#### Government Obligations and Corporate Bonds

The fair value of government obligations and corporate bonds is estimated using recently executed transactions for similar assets, market price quotations (where observable), or bond spreads. The spread data used are for the same maturity as the bond. If the spread data does not reference the issuer, then data that references a comparable issuer is used. When observable price quotations are not available, fair value is determined based on cash flow models with yield curves, interest rates, prepayment speeds, loss severities, credit risks, and default rates. Government obligations and corporate bonds have been classified as Level 2.



# Jewish Family Service of MetroWest, Inc.

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### Note 2 - Investments - Continued

The following table present information about the Organization's investments that are measured at fair value are as follows:

	June 30, 2020			
	Balance	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 91,008	\$ 91,008	\$ -	\$ -
Common stocks	703,283	703,283	-	-
Government obligations	63,210	-	63,210	-
Corporate bonds	154,650	-	154,650	-
Totals	\$ 1,012,151	\$ 794,291	\$ 217,860	\$ -

The fair value of the investments held in a managed investment pool 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 net asset value are \$4,756,295 and \$5,109,707 as of June 30, 2020 and 2019, 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 net asset value per share as of June 30, 2020 and 2019, respectively.

	2020 Fair Value	2019 Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Pooled investments	\$ 4,756,295	\$ 5,109,707	N/A	25% Per year	30 Days

# Jewish Family Service of MetroWest, Inc.

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### Note 2 - Investments - Continued

The following is a summary of activity for the years ended June 30, 2020 and 2019 for assets held in a managed investment pool are measured at fair value based upon unobservable inputs.

	June 30,	
	2020	2019
Pooled investments		
Balance, beginning of year	\$ 5,109,707	\$ 5,562,615
Purchases	-	50,000
Income	67,097	87,007
Fees	(27,602)	(28,360)
Appropriations	(225,000)	(650,000)
Realized/unrealized gains	(167,906)	88,445
Balance, end of year	\$ 4,756,295	\$ 5,109,707

The managed investment pool is comprised of various types of equity and debt investments. As of June 30, 2020, and 2019, the investment composition of the managed investment pool was as follows:

	June 30,	
	2020	2019
Pooled investments		
Cash and cash equivalents	0.83%	0.94%
U.S. treasury obligations	4.17%	5.88%
U.S. government agencies	0.00%	0.34%
Corporate and foreign bonds	5.40%	5.76%
Equities	21.26%	28.02%
Mutual funds	24.28%	33.36%
Limited partnerships	44.06%	25.70%
Total pooled investments	100.00%	100.00%

### Note 3 - 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.

# Jewish Family Service of MetroWest, Inc.

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### Note 3 - Endowment Funds - Continued

Endowment net asset composition by type of fund as of June 30, 2020 and 2019 is as follows:

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 188,517	\$ -	\$ 188,517
Donor-restricted endowment funds	(132,077)	2,551,292	2,419,215
	\$ 56,440	\$ 2,551,292	\$ 2,607,732
	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

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, 2020 and 2019 are as follows:

	Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 163,787	\$ 2,637,710	\$ 2,801,497
Investment return			
Investment income	1,266	20,388	21,654
Net appreciation (depreciation (realized and unrealized))	(101,401)	9,342	(92,059)
Total investment return	(100,135)	29,730	(70,405)
Contributions	-	-	-
Appropriation of endowment assets for expenditure	(7,212)	(116,148)	(123,360)
Endowment net assets, end of year	\$ 56,440	\$ 2,551,292	\$ 2,607,732

# Jewish Family Service of MetroWest, Inc.

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### Note 3 - Endowment Funds - Continued

	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

### 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 unrestricted net assets were \$132,077 and \$36,059 as of June 30, 2020 and 2019, 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 not exceed 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.

# Jewish Family Service of MetroWest, Inc.

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### Note 4 - Property and Equipment

Property and equipment at June 30, 2020 and 2019 consisted of the following:

	June 30,	
	2020	2019
Condominium land	\$ 283,812	\$ 283,812
Condominium building	869,512	869,512
Furniture and fixtures	402,555	402,555
Equipment	899,407	899,407
	<u>2,455,286</u>	<u>2,455,286</u>
Less accumulated depreciation	1,772,341	1,717,530
Property and equipment, net	<u>\$ 682,945</u>	<u>\$ 737,756</u>

Depreciation expense amounted to \$54,812 and \$57,524 for the years ended June 30, 2020 and 2019, respectively.

### Note 5 - 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, 2020 or 2019.

### Note 6 - Paycheck Protection Program ("PPP") Loan Payable

On April 14, 2020, the Organization entered into a promissory note evidencing an unsecured loan in the amount of \$545,685 made to the Organization under the Paycheck Protection Program (the "Loan"). The Paycheck Protection Program ("PPP") was established under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and is administered by the U.S. Small Business Administration ("SBA"). The Loan to the Organization is being made through M & T Bank (the "Lender").

Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of loan granted under the PPP. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds for payment of payroll costs and any covered payments of mortgage interest, rent, and utilities. In the event the Loan, or any portion thereof, is forgiven pursuant to the PPP, the amount forgiven is applied to outstanding principal and interest. The Organization intends to use all proceeds from the Loan to maintain payroll, make lease and utility payments.

Interest on the loan accrues at 1.00% beginning the date the loan proceeds were received by the Organization. In the event the Loan is not forgiven, principal payments are not required to be made until a recommendation is made by the lender to the SBA to not forgive all or portion of the loan. If the Loan were not to be forgiven, then the Organization would have two years from that date to repay the loan. The Organization does have the ability to ask to the bank for an extension of loan maturity to five years if needed consistent with the terms of Paycheck Protection Program Flexibility Act.

# Jewish Family Service of MetroWest, Inc.

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### Note 7 - 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.

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

	2020	
	Assets/ (Liabilities)	Revenues/ (Expenses)
Annual allocation from JFEDGMW and inter-company balance	\$ 23,708	\$ 472,330
Assets held by JCF and investment earnings	\$ 4,756,295	\$ (159,613)
Pension loan due to and interest charged by JFEDGMW	\$ (1,896,216)	\$ (74,546)
Pension loan reserve held at JFEDGMW	\$ 97,987	\$ -
Mortgage due to and interest charged by JFEDGMW	\$ (1,082,097)	\$ (28,167)
	2019	
	Assets/ (Liabilities)	Revenues/ (Expenses)
Annual allocation from JFEDGMW and inter-company balance	\$ 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)

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 2028. In fiscal year 2018, 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. During fiscal year 2020, JFS was granted \$222,923 loan forgiveness (first of three installments) on this mortgage.

# Jewish Family Service of MetroWest, Inc.

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### Note 7 - Affiliation and Related Party Transactions

Scheduled principal payments required with JFEDGMW are as follows:

For the year ending June 30,	
2021	\$ 68,163
2021 - Year 2 of loan forgiveness	222,923
2022	73,861
2022 - Year 3 of loan forgiveness	222,923
2023	77,499
2024	79,016
2025	80,562
Thereafter	257,150
	<u>\$ 1,082,097</u>

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.

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

For the year ending June 30,	
2021	\$ 57,853
2022	60,092
2023	62,417
2024	64,656
2025	67,334
Thereafter	1,583,864
	<u>\$ 1,896,216</u>

### Note 8 - Benefit Plans

#### Post-Retirement Medical Plan

JFS also participates in a multi-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 ten years of service and were age 62 before April 1, 2004 and who have retired as of December 31, 2006. The Plan was terminated as of May 31, 2016 and the Organization obtained a loan to fund the unfunded obligations of the Plan.

# Jewish Family Service of MetroWest, Inc.

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### Note 8 - Benefit Plans - Continued

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

	2020	2019
Funded status		
Benefit obligation	\$ (483,096)	\$ (545,076)
Plan assets at fair value	-	-
Funded status - (liability) asset	\$ (483,096)	\$ (545,076)
Periodic cost		
Interest cost	\$ 15,879	\$ 18,319
Amortization of prior service costs	-	3,011
Amortization of net loss	17,046	7,061
Net periodic benefit cost	\$ 32,925	\$ 28,391
Change in plan assets		
Plan assets at beginning of year		
Employer contributions	\$ 63,123	\$ 61,884
Plan participant contributions	29,546	29,064
Benefits paid	(92,669)	(90,948)
Plan assets at end of year	\$ -	\$ -
	2020	2019
Change in benefit obligation		
Benefit obligation, beginning of year	\$ 545,076	\$ 501,105
Interest cost	15,879	18,319
Participants' contributions	29,546	29,064
Actuarial losses (gains)	(14,736)	87,536
Benefit payments	(92,669)	(90,948)
Benefit obligation, end of year	\$ 483,096	\$ 545,076

Weighted average assumptions as of June 30:

	2020	2019
Weighted average discount rate	2.30%	3.10%
Health care cost trend rate	4.70%	5.40%

The health care cost trend rate of 4.7% at June 30, 2020 is assumed to increase to 4.9% in 2021.



# Jewish Family Service of MetroWest, Inc.

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### Note 8 - Benefit Plans - Continued

A 1% change in the assumed healthcare 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	\$ 800	\$ 1,381
Accumulated benefit obligation	\$ 34,880	\$ 44,533

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 years beginning July 1,	Amount
2020	\$ 56,500
2021	\$ 52,400
2022	\$ 48,900
2023	\$ 44,900
2024	\$ 41,100
From 2025 to 2029	\$ 155,000

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

	2020	2019
Prior service cost	\$ -	\$ 3,011
	\$ -	\$ 3,011

At June 30, 2020 and 2019, 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.

# Jewish Family Service of MetroWest, Inc.

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### Note 9 - Net Assets Without and With Donor Restrictions

Net assets without donor restricted consisted of the following as of June 30:

	2020	2019
Without donor restrictions		
Board designated - endowment	\$ 188,517	\$ 199,846
Board designated	1,047,819	1,102,100
Undesignated (deficit)	(823,378)	(1,429,695)
Total without donor restrictions	\$ 412,958	\$ (127,749)

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

	2020	2019
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	156,000
DV court advocate program	100,000	100,000
Counseling and case management	117,300	117,300
Family Support Center	101,084	104,517
Older adults programs	63,837	67,578
Domestic violence	1,065,028	1,270,139
Family and children	211,800	210,634
Total donor restricted net assets	\$ 3,907,388	\$ 4,118,507

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

	2020	2019
Time released	\$ -	\$ 109,531
Older adults program	306,758	198,605
Domestic violence	401,555	406,590
Family and children	245,820	254,273
Total donor restricted net assets	\$ 954,133	\$ 968,999

# Jewish Family Service of MetroWest, Inc.

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### Note 10 - 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 the Federal Deposit Insurance Corporation 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, 2020, one grantor organization accounted for approximately 34% of total operating support and revenues, and for the year ended June 30, 2019 the same grantor organization accounted for approximately 30% of total operating support and revenues. These funds predominately reflect a pass through to vendors who provide supporting services for a specific JFS population, and it is anticipated the grantor organization will continue to fund JFS as long as the needs of this population continue to exist. Less than 10% of these funds provide direct operating support to JFS staff.

### Note 11 - Lease Commitments

JFS rents space for administrative and programmatic uses. This non-cancelable lease expires in December 2022. Rental expense amounted to \$59,755 and \$60,481 for the years ended June 30, 2020 and 2019, respectively.

Future minimum lease payments are as follows:

For the years ending June 30,

2021	\$	53,316
2022		53,316
2023		26,656
	\$	<u>133,289</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 \$30,387 and \$34,525 for the years ended June 30, 2020 and 2019, respectively.

Future minimum lease payments under these leases are as follows:

For the years ending June 30,

2021	\$	21,900
2022		16,425
	\$	<u>38,325</u>

### Note 12 - Other Assets

Included in other assets at June 30, 2020 and 2019 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 both June 30 2020 and 2019 was \$193,360.

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 at both June 30, 2020 and 2019.

# Jewish Family Service of MetroWest, Inc.

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### Note 13 - Liquidity

The following reflects the Organizations financial assets at June 30, 2020 and 2019, reduced by amounts not available for general use due to donor imposed restrictions, board designations (long term operations reserves and restricted cash designations).

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Financial assets, at end of year:		
Cash and cash equivalents	\$ 1,915,538	\$ 163,937
Restricted cash held in money market account	4,019	1,102,100
Restricted cash held in investments	31,649	-
Investments	5,768,446	5,109,707
Contributions and grant receivable, net	154,776	212,876
Program fees receivable, net	<u>277,653</u>	<u>409,906</u>
	<u>8,152,081</u>	<u>6,998,526</u>
Less: Contractual restrictions, donor-imposed restrictions, and designated funds:		
Board designated funds	1,236,336	1,301,946
Donor-imposed restricted funds	<u>3,907,387</u>	<u>4,118,507</u>
	<u>5,143,723</u>	<u>5,420,453</u>
Financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 3,008,358</u>	<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 14 - Risks and Uncertainty

The Organization's continuing operations have been affected by the recent and ongoing outbreak of the coronavirus ("COVID-19") which was declared a pandemic by the World Health Organization in March 2020. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and the actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including New Jersey. The Organization's programs were gradually transferred onto virtual platforms with little to no interruption of service provision. The Organization did receive emergency grants which provided some relief from the coronavirus. However, as COVID-19 is still impacting many regions of the country, there is still uncertainty regarding the future impact on the Organization's programming and finances. The current cash position of the Organization is stable, and the Organization is committed to maintaining programming and fiscal responsibility throughout the duration of the current crisis and into the future.

# **Jewish Family Service of MetroWest, Inc.**

## Notes to Financial Statements

Years Ended June 30, 2020 and 2019

### **Note 15 - Subsequent Events**

The Organization has evaluated subsequent events occurring after the statement of financial position date through the date of January 29, 2021 which is the date the financial statements were available to be issued.

**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, 2020 and 2019, 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 January 29, 2021.

**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*

Parsippany, New Jersey  
January 29, 2021