

Jewish Family Service of MetroWest, Inc.

Financial Statements

Years Ended June 30, 2022 and 2021

Jewish Family Service of MetroWest, Inc.

Financial Statements

Years Ended June 30, 2022 and 2021

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Independent Auditor's Report

Board of Trustees
Jewish Family Service of MetroWest, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jewish Family Service of Metro West, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2022 and 2021, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2023 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, 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.



Parsippany, New Jersey
February 9, 2023

Jewish Family Service of MetroWest, Inc.

Statements of Financial Position

	June 30,	
	2022	2021
ASSETS		
Cash and cash equivalents	\$ 748,670	\$ 1,238,845
Restricted cash held in investments	91,861	55,429
Investments	7,281,011	8,161,945
Contributions and grants receivable, net	216,370	253,730
Program fees receivable, net	185,650	176,979
Property and equipment, net	579,485	630,699
Pension loan reserve	97,987	97,987
Due from affiliate	8,064	11,246
Other assets	230,607	222,386
	\$ 9,439,705	\$ 10,849,246
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 259,145	\$ 254,059
Mortgage payable to affiliate	482,468	785,606
Pension loan payable to affiliate	1,778,270	1,838,363
Postretirement medical plan obligation	318,322	404,257
Deferred revenue	-	766,198
Total liabilities	2,838,205	4,048,483
NET ASSETS		
Without donor restrictions	2,579,058	2,828,559
With donor restrictions	4,022,442	3,972,204
Total net assets	6,601,500	6,800,763
TOTAL LIABILITIES AND NET ASSETS	\$ 9,439,705	\$ 10,849,246

See accompanying Notes to Financial Statements.

Jewish Family Service of MetroWest, Inc.

Statements of Activities

	Years Ended June 30,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES						
Contributions	\$ 871,181	\$ 930,650	\$ 1,801,831	\$ 1,221,132	\$ 560,018	\$ 1,781,150
Contributions from Jewish Federation of Greater MetroWest NJ						
Annual allocation	417,000	68,000	485,000	286,247	274,083	560,330
Forgiveness of mortgage payable to affiliate	222,923	-	222,923	222,923	-	222,923
Forgiveness of Paycheck Protection Program ("PPP") loan	-	-	-	545,685	-	545,685
Special events, net of expenses of						
\$29,750 and \$8,115 in 2022 and 2021, respectively	162,755	-	162,755	237,707	-	237,707
Grants, counseling, and program fees	4,616,911	-	4,616,911	4,486,648	-	4,486,648
Investment income, net of investment						
fees of \$50,996 and \$65,274 in 2022 and 2021, respectively	3,413	-	3,413	37,268	(3,705)	33,563
Other revenues	8,391	-	8,391	1,410	-	1,410
	<u>6,302,574</u>	<u>998,650</u>	<u>7,301,224</u>	<u>7,039,020</u>	<u>830,396</u>	<u>7,869,416</u>
Net assets released from restrictions	685,230	(685,230)	-	1,342,205	(1,342,205)	-
	<u>6,987,804</u>	<u>313,420</u>	<u>7,301,224</u>	<u>8,381,225</u>	<u>(511,809)</u>	<u>7,869,416</u>
EXPENSES						
Program services						
Family and children services	1,319,051	-	1,319,051	1,299,413	-	1,299,413
Older adult services	3,669,862	-	3,669,862	3,628,335	-	3,628,335
Domestic violence	938,311	-	938,311	926,720	-	926,720
	<u>5,927,224</u>	<u>-</u>	<u>5,927,224</u>	<u>5,854,468</u>	<u>-</u>	<u>5,854,468</u>
Development and fundraising	47,167	-	47,167	37,606	-	37,606
Management and general	1,010,286	-	1,010,286	1,251,883	-	1,251,883
	<u>6,984,677</u>	<u>-</u>	<u>6,984,677</u>	<u>7,143,957</u>	<u>-</u>	<u>7,143,957</u>
Changes in net assets from operations	<u>3,127</u>	<u>313,420</u>	<u>316,547</u>	<u>1,237,268</u>	<u>(511,809)</u>	<u>725,459</u>
INVESTMENT INCOME						
Realized gains on investments	27,192	303,721	330,913	251,608	171,579	423,187
Unrealized gains (losses) on investments	(325,924)	(566,903)	(892,827)	879,980	405,047	1,285,027
	<u>(298,732)</u>	<u>(263,182)</u>	<u>(561,914)</u>	<u>1,131,588</u>	<u>576,626</u>	<u>1,708,214</u>
Changes in net assets before defined						
benefit/post retirement plan adjustment	(295,605)	50,238	(245,367)	2,368,856	64,817	2,433,673
Defined benefit/post retirement plan adjustment	46,104	-	46,104	46,744	-	46,744
Increase (decrease) in net assets	<u>\$ (249,501)</u>	<u>\$ 50,238</u>	<u>\$ (199,263)</u>	<u>\$ 2,415,600</u>	<u>\$ 64,817</u>	<u>\$ 2,480,417</u>

See accompanying Notes to Financial Statements.

Jewish Family Service of MetroWest, Inc.

Statements of Changes in Net Assets

	Years Ended June 30,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
NET ASSETS, <i>beginning of year</i>	\$ 2,828,559	\$ 3,972,204	\$ 6,800,763	\$ 412,959	\$ 3,907,387	\$ 4,320,346
Increase (decrease) in net assets	<u>(249,501)</u>	<u>50,238</u>	<u>(199,263)</u>	<u>2,415,600</u>	<u>64,817</u>	<u>2,480,417</u>
NET ASSETS, <i>end of year</i>	<u>\$ 2,579,058</u>	<u>\$ 4,022,442</u>	<u>\$ 6,601,500</u>	<u>\$ 2,828,559</u>	<u>\$ 3,972,204</u>	<u>\$ 6,800,763</u>

See accompanying Notes to Financial Statements.

Jewish Family Service of MetroWest, Inc.

Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services			Total Program Services	Development and Fundraising	Management and General	Total
	Family and Children Services	Older Adult Services	Domestic Violence				
Salaries	\$ 1,005,203	\$ 863,203	\$ 733,023	\$ 2,601,429	\$ 29,282	\$ 329,605	\$ 2,960,316
Payroll taxes and employee benefits	214,176	162,716	110,066	486,958	9,070	104,161	600,189
Professional fees and audit fees	-	-	-	-	-	55,000	55,000
Consultants	15,900	9,360	5,478	30,738	17	41,050	71,805
Direct assistance to clients	6,775	2,556,982	35,058	2,598,815	62	42,549	2,641,426
Office supplies and expense	6,018	2,832	1,655	10,505	990	27,921	39,416
Publicity and promotion	-	24,649	-	24,649	-	1,855	26,504
Conference and travel expense	3,246	8,588	420	12,254	-	5,274	17,528
Telephone and beeper services	7,197	2,226	3,883	13,306	-	20,872	34,178
Transportation	-	10,610	-	10,610	-	-	10,610
Equipment rental and maintenance & computer software/hardware/support	12,292	6,631	1,123	20,046	-	101,427	121,473
Postage and printing and shipping	1	1,338	70	1,409	7,626	8,151	17,186
Insurance	-	-	1,270	1,270	-	45,491	46,761
Occupancy	31,212	800	30,817	62,829	-	112,348	175,177
Depreciation	12,803	12,803	12,804	38,410	-	12,804	51,214
Licenses, dues, and accreditation fees	3,722	350	950	5,022	120	12,242	17,384
Interest expense	-	-	-	-	-	75,046	75,046
Miscellaneous	506	6,774	1,694	8,974	-	14,490	23,464
	<u>\$ 1,319,051</u>	<u>\$ 3,669,862</u>	<u>\$ 938,311</u>	<u>\$ 5,927,224</u>	<u>\$ 47,167</u>	<u>\$ 1,010,286</u>	<u>\$ 6,984,677</u>

See accompanying Notes to Financial Statements.

Jewish Family Service of MetroWest, Inc.

Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services			Total Program Services	Development and Fundraising	Management and General	Total
	Family and Children Services	Older Adult Services	Domestic Violence				
Salaries	\$ 1,009,944	\$ 760,580	\$ 732,138	\$ 2,502,662	\$ 16,517	\$ 481,318	\$ 3,000,497
Payroll taxes and employee benefits	196,232	143,741	115,235	455,208	5,911	142,807	603,926
Professional fees	-	-	-	-	-	47,500	47,500
Consultants	30	7,118	130	7,278	735	10,602	18,615
Direct assistance to clients	25,404	2,631,418	18,342	2,675,164	534	24,544	2,700,242
Office supplies and expense	4,482	1,417	522	6,421	365	38,956	45,742
Publicity and promotion	1,316	43,502	1,366	46,184	49	1,835	48,068
Conference and travel expense	3,269	6,347	3,213	12,829	3,826	30,259	46,914
Telephone	4,205	3,022	3,068	10,295	-	23,027	33,322
Transportation	-	438	-	438	-	-	438
Equipment rental and maintenance	7,914	8,092	2,165	18,171	-	142,451	160,622
Postage and printing	10	3,898	40	3,948	7,489	7,636	19,073
Insurance	-	-	1,271	1,271	-	40,522	41,793
Occupancy	28,337	-	34,733	63,070	-	128,565	191,635
Depreciation	13,143	13,143	13,144	39,430	-	12,816	52,246
Licenses, dues, and accreditation fees	2,850	725	950	4,525	-	12,804	17,329
Interest expense	-	-	-	-	-	83,931	83,931
Miscellaneous	2,277	4,894	403	7,574	2,180	22,310	32,064
	<u>\$ 1,299,413</u>	<u>\$ 3,628,335</u>	<u>\$ 926,720</u>	<u>\$ 5,854,468</u>	<u>\$ 37,606</u>	<u>\$ 1,251,883</u>	<u>\$ 7,143,957</u>

See accompanying Notes to Financial Statements.

Jewish Family Service of MetroWest, Inc.

Statements of Cash Flows

	Years Ended June 30,	
	2022	2021
CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (199,263)	\$ 2,480,417
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used for) operating activities		
Depreciation	51,214	52,246
Realized and unrealized (gains) losses on investments	561,914	(1,708,214)
Forgiveness of mortgage payable to affiliate	(222,923)	(222,923)
Forgiveness of PPP loan payable	-	(545,685)
Changes in operating assets and liabilities		
Contributions and grants receivable	37,360	23,923
Program fees receivable	(8,671)	(22,203)
Other assets	(8,221)	11,712
Accounts payable and accrued expenses	5,086	40,300
Postretirement medical plan obligation	(85,935)	(78,839)
Deferred revenue	(766,198)	116,578
	(635,637)	147,312
CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES		
Proceeds (purchases) of sale of investments, net	541,943	(685,285)
	541,943	(685,285)
CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES		
Repayments of pension loan payable to affiliate	(60,093)	(57,853)
Net advances from affiliate	3,182	12,462
Repayments of mortgage principal to affiliate	(303,138)	(73,568)
	(360,049)	(118,959)
Net decrease in cash and cash equivalents	(453,743)	(656,932)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, <i>beginning of year</i>	1,294,274	1,951,206
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, <i>end of year</i>	\$ 840,531	\$ 1,294,274
Reconciliation of cash, cash equivalents, and restricted cash balances		
Cash and cash equivalents	\$ 748,670	\$ 1,238,845
Restricted cash	91,861	55,429
Total cash, cash equivalents, and restricted cash	\$ 840,531	\$ 1,294,274
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 75,046	\$ 83,931

See accompanying Notes to Financial Statements.

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

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 designated funds for debt service reserves, building reserves, and other long-term operation reserves. The above funds are maintained in "Investments" 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" and "Restricted cash held in investments" on the statements of financial position.

Net Assets with Donor Restrictions - Net assets that are subject to donor-imposed stipulations that may or will be met either by actions of JFS and/or the passage of time and are identified in Note 9.

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, 2022 or 2021. The Organization has no open years subject to examination prior to June 30, 2019. Furthermore, there is 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

The Organization derives its revenues and support primarily from grants and contributions, special events, and counseling and program fees. Under Accounting Standards Codification ("ASC") Topic 606, revenue is recognized when performance obligations to a customer are satisfied, and revenue is earned. The Organization applied the guidance under ASC Topic 958 - *Non-Profit Entities* to recognize support received that is not subject to revenue recognition under ASC Topic 606.

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

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

e. Revenue and Support - Continued

Contributions - contributions that are received from a donor follow guidance under ASC 958 and are recognized as income at the time they are received unless the amount received is conditional. Unconditional contributions are recognized as revenue at the time received as an increase in net assets without donor restriction or as an increase in net assets with donor restriction. When a restriction expires, net assets with a donor restriction are reclassified to net assets without a donor restriction and reported in the statements of activities as net assets released from restrictions. If the restriction expires in the reporting period in which the support is recognized, then the contribution is recorded as an increase in net assets without donor restriction. When a contribution is conditional, the amount is deferred and not recognized as revenue until the conditions are satisfied.

Special Events - Fundraising revenue is comprised of payments received from third parties (individuals and corporations) to support and/or attend fundraising events. Fundraising revenue includes an exchange transaction component for the value of the goods or services received, which follows revenue recognition under ASC Topic 606. The amount paid by individuals and corporations that is above the value of goods or services received is considered a contribution. Revenue is recognized at a point in time at the time the fundraising event occurs.

Grants, Counseling, and Program Fees - Fees for service are recognized in accordance with ASC Topic 606, whereas the Organization has contracts with customers to provide approved services (performance obligations) to the individual. The Organization recognizes revenue in the period in which obligations to provide services are satisfied. The contractual arrangements with consumers also involve a third-party payer (e.g., Medicaid or federal or state government agency), and the transaction price for the services provided are dependent upon the terms provided by the third-party payer. As services are provided to consumers, the Organization recognizes revenue, resulting in revenue recognized over time.

Disaggregation of Revenue - The following table provides information about disaggregated revenue by revenue stream and timing of revenue recognition for the years ended June 30, 2022 and 2021:

Revenue by revenue stream is as follows:

	<u>2022</u>	<u>2021</u>
Claims conference program	\$ 2,772,777	\$ 2,519,640
Other program fees	1,385,895	1,432,141
Counseling revenue	458,239	534,867
	<u>\$ 4,616,911</u>	<u>\$ 4,486,648</u>

Revenue by timing of revenue recognition was as follows:

	<u>2022</u>	<u>2021</u>
Over time	\$ 4,616,911	\$ 4,486,648
Point in time	29,750	8,115
	<u>\$ 4,646,661</u>	<u>\$ 4,494,763</u>

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

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

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.

h. Property, Equipment, and Depreciation

Property and equipment are 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.

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

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

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.

l. Recent Pending Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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's financial statements.

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, 2022		June 30, 2021	
	Cost	Fair Value	Cost	Fair Value
Managed investment pool (see Note 7)	\$ 4,545,555	\$ 4,590,573	\$ 5,657,326	\$ 6,128,980
Mutual funds	299,991	252,538	166,220	181,254
Government obligations	-	-	122,038	122,421
Corporate bonds	585,619	540,580	257,298	258,843
Common stocks	1,949,788	1,897,320	1,037,499	1,470,447
Total	<u>\$ 7,380,953</u>	<u>\$ 7,281,011</u>	<u>\$ 7,240,381</u>	<u>\$ 8,161,945</u>

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

Note 2 - Investments - Continued

Investment income with investments consists of the following:

	Years Ended June 30,	
	2022	2021
Operating		
Investment income	\$ 54,409	\$ 76,466
Less investment fees	(50,996)	(42,903)
	<u>\$ 3,413</u>	<u>\$ 33,563</u>
Non-operating		
Realized gains on investments	\$ 330,913	\$ 423,187
Unrealized gains (losses) on investments	(892,827)	1,285,027
	<u>\$ (561,914)</u>	<u>\$ 1,708,214</u>

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:

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.

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

Note 2 - Investments - Continued

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 is 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.

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

	June 30, 2022			
	Balance	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 252,538	\$ 252,538	\$ -	\$ -
Common stocks	-	-	-	-
Government obligations	540,580	-	540,580	-
Corporate bonds	1,897,320	-	1,897,320	-
Totals	\$ 2,690,438	\$ 252,538	\$ 2,437,900	\$ -

The fair value of the investments held in a managed investment pool is estimated using the net asset values per unit of the pool.

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 is \$4,590,573 and \$6,128,980 as of June 30, 2022 and 2021, 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 summarizes investments measured at fair value based on net asset value per share as of June 30, 2022 and 2021, respectively.

	2022 Fair Value	2021 Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Pooled investments	\$ 4,590,573	\$ 6,128,980	N/A	25% per year	30 Days

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

Note 2 - Investments - Continued

The following is a summary of activity for the years ended June 30, 2022 and 2021 for assets held in a managed investment pool that are measured at fair value based upon unobservable inputs.

	June 30,	
	2022	2021
Pooled investments		
Balance, <i>beginning of year</i>	\$ 6,128,980	\$ 4,756,296
Income	101,896	40,085
Fees	(28,594)	(28,777)
Appropriations	(1,493,500)	-
Realized/unrealized gain (loss)	(118,209)	1,361,376
Balance, <i>end of year</i>	\$ 4,590,573	\$ 6,128,980

The managed investment pool is comprised of various types of equity and debt investments. As of June 30, 2022, and 2021, the investment composition of the managed investment pool was as follows:

	June 30,	
	2022	2021
Pooled investments		
Cash and cash equivalents	7.21 %	1.22 %
U.S. treasury obligations	7.3	5.43
Corporate and foreign bonds	5.77	7.02
Equities	16.94	26.00
Mutual funds	27.66	23.91
Limited partnerships	35.12	36.42
Total pooled investments	100.00 %	100.00 %

Note 3 - Endowment Funds

JFS's 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, 2022 and 2021

Note 3 - Endowment Funds - Continued

Endowment net asset composition by type of fund as of June 30, 2022 and 2021 is as follows:

	June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 942,519	\$ -	\$ 942,519
Donor-restricted endowment funds	-	2,879,462	2,879,462
	\$ 942,519	\$ 2,879,462	\$ 3,821,981
	June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,026,135	\$ -	\$ 1,026,135
Donor-restricted endowment funds	-	3,176,072	3,176,072
	\$ 1,026,135	\$ 3,176,072	\$ 4,202,207

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, 2022 and 2021 are as follows:

	Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, <i>beginning of year</i>	\$ 1,026,135	\$ 3,176,072	\$ 4,202,207
Investment return			
Investment income	13,108	44,735	57,843
Net depreciation (realized and unrealized)	(53,279)	(229,043)	(282,322)
Total investment return	(40,171)	(184,308)	(224,479)
Appropriation of endowment assets for expenditure	(43,445)	(112,302)	(155,747)
Endowment net assets, <i>end of year</i>	\$ 942,519	\$ 2,879,462	\$ 3,821,981

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

Note 3 - Endowment Funds - Continued

	Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, <i>beginning of year</i>	\$ 56,440	\$ 2,551,292	\$ 2,607,732
Investment return			
Investment income	5,549	7,481	13,030
Net appreciation (realized and unrealized)	255,789	617,299	873,088
Total investment return	261,338	624,780	886,118
Contributions	708,357	-	708,357
Endowment net assets, <i>end of year</i>	\$ 1,026,135	\$ 3,176,072	\$ 4,202,207

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. There were no deficiencies of this nature that are reported in unrestricted net assets as of June 30, 2022 and 2021 for both.

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.

Note 4 - Property and Equipment

Property and equipment at June 30, 2022 and 2021 consisted of the following:

	June 30,	
	2022	2021
Condominium land	\$ 283,812	\$ 283,812
Condominium building	869,512	869,512
Furniture and fixtures	402,555	402,555
Equipment	899,407	899,407
	2,455,286	2,455,286
Less accumulated depreciation	1,875,801	1,824,587
Property and equipment, net	\$ 579,485	\$ 630,699

Depreciation expense amounted to \$51,214 and \$52,246 for the years ended June 30, 2022 and 2021, respectively.

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

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%. The line of credit is payable on demand. There are no amounts outstanding under the line as of June 30, 2022 or 2021.

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

On April 14, 2020, the Organization entered into a promissory note evidencing an unsecured loan (the "Loan") in the amount of \$545,685 made to the Organization under the PPP. The 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"). At March 9, 2021, the Loan was forgiven, and the amount is included in other support and revenues as of June 30, 2021.

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, Jewish Community Foundation of Greater MetroWest N.J., Inc. ("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:

	<u>2022</u>	
	<u>Assets/ (Liabilities)</u>	<u>Revenues/ (Expenses)</u>
Annual allocation from JFEDGMW and intercompany balance	\$ 8,064	\$ 485,000
Assets held by JCF and investment earnings	\$ 4,590,573	\$ (559,028)
Pension loan due to and interest charged by JFEDGMW	\$ (1,778,270)	\$ (68,860)
Pension loan reserve held at JFEDGMW	\$ 97,987	\$ -
Mortgage due to and interest charged by JFEDGMW	\$ (482,468)	\$ (6,186)

	<u>2021</u>	
	<u>Assets/ (Liabilities)</u>	<u>Revenues/ (Expenses)</u>
Annual allocation from JFEDGMW and intercompany balance	\$ 11,246	\$ 560,330
Assets held by JCF and investment earnings	\$ 6,128,980	\$ 1,741,250
Pension loan due to and interest charged by JFEDGMW	\$ (1,838,363)	\$ (71,098)
Pension loan reserve held at JFEDGMW	\$ 97,987	\$ -
Mortgage due to and interest charged by JFEDGMW	\$ (785,606)	\$ (12,832)

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

Note 7 - Affiliation and Related Party Transactions - Continued

The mortgage is payable to JFEDGMW in monthly installments subject to adjustments on the last day of each year, at a rate of the Five-Year Treasury Constant Maturity plus 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 plus 0.25%. The mortgage is collateralized by a subordinated lien on the JFS facility in Florham Park, New Jersey. During fiscal year 2022, JFS was granted \$222,923 of loan forgiveness (third of three installments) on this mortgage.

Scheduled principal payments required with JFEDGMW are as follows:

For the year ending June 30,

2023	\$ 79,620
2024	80,838
2025	82,076
2026	83,332
2027	84,607
Thereafter	71,995
	<u>\$ 482,468</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 ten years and subsequently reset in five-year increments at .8% over the matching five-year 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,

2023	\$ 62,417
2024	64,656
2025	67,334
2026	69,939
2027	72,117
Thereafter	1,441,807
	<u>\$ 1,778,270</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 Medical Plan was terminated as of May 31, 2016, and the Organization obtained a loan to fund the unfunded obligations of the Medical Plan.

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

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:

	2022	2021
Funded status		
Benefit obligation	\$ (318,322)	\$ (404,257)
Funded status - liability	\$ (318,322)	\$ (404,257)
Periodic cost		
Interest cost	\$ 8,651	\$ 10,407
Amortization of net loss	9,916	15,297
Net periodic benefit cost	\$ 18,567	\$ 25,704
Change in plan assets		
Plan assets at beginning of year		
Employer contributions	\$ 55,797	\$ 55,035
Plan participant contributions	26,064	25,776
Benefits paid	(81,861)	(80,811)
Plan assets at end of year	\$ -	\$ -
Change in benefit obligation		
Benefit obligation, <i>beginning of year</i>	\$ 404,257	\$ 483,096
Interest cost	8,651	10,407
Participants' contributions	26,064	25,776
Actuarial gains	(38,789)	(34,211)
Benefit payments	(81,861)	(80,811)
Benefit obligation, <i>end of year</i>	\$ 318,322	\$ 404,257

Weighted average assumptions as of June 30:

	2022	2021
Weighted average discount rate	4.30%	2.30%
Health care cost trend rate	7.00%	6.00%

The health care cost trend rate of 5.75% at June 30, 2022 is assumed to increase to 6.5% in 2023.

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

	1% Point Increase	1% Point Increase
Service and interest cost components of net periodic cost	\$ 541	\$ 638
Accumulated benefit obligation	\$ 12,576	\$ 27,701

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

Note 8 - Benefit Plans - Continued

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

Fiscal years beginning July 1,	Amount
2023	\$ 52,600
2024	\$ 48,300
2025	\$ 44,000
2026	\$ 39,900
2027	\$ 35,900
From 2028 to 2032	\$ 129,100

At June 30, 2022 and 2021, the current portion of the Medical Plan's accumulated benefit obligation is \$18,567 and \$25,704, respectively.

Other

JFS also participates in a JFEDGMW-sponsored pre-tax cafeteria payroll withholding plan for all full-time, part-time, and beneficiary agency employees who work a minimum of 25 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.

Note 9 - Net Assets Without and With Donor Restrictions

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

	2022	2021
Without donor restrictions		
Board-designated - endowment	\$ 942,519	\$ 1,026,135
Board-designated	91,861	55,429
Undesignated asset	1,544,678	1,746,995
Total without donor restrictions	<u>\$ 2,579,058</u>	<u>\$ 2,828,559</u>

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

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

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

	2022	2021
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
Domestic violence court advocate program	100,000	100,000
Counseling and case management	117,300	117,300
Family Support Center	-	128,916
Older adults programs	197,351	4,211
Domestic violence	1,359,452	1,373,438
Total donor-restricted net assets	\$ 4,022,442	\$ 3,972,204

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

	2022	2021
Older adults program	\$ 347,310	\$ 480,530
Domestic violence	38,562	340,387
Family and children	299,358	521,288
Total donor-restricted net assets	\$ 685,230	\$ 1,342,205

Note 10 - Concentrations

Financial instruments that potentially subject JFS to concentrations of credit risk consist of cash, investments, and receivables. JFS's policy is to invest in high quality securities at a variety of financial institutions and pooled funds at JCF. 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 collectability, and allowances have been recorded based on management's best estimates.

For the year ended June 30, 2022, one grantor organization accounted for approximately 39% of total operating support and revenues, and for the year ended June 30, 2021, the same grantor organization accounted for approximately 35% 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's staff.

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

Note 11 - Lease Commitments

JFS rents space for administrative and programmatic uses. This non-cancelable lease expires in December 2022. Rental expense amounted to \$54,634 and \$57,113 for the years ended June 30, 2022 and 2021, respectively.

Future minimum lease payments are as follows:

For the year ending June 30,	
2023	\$ 26,658
	<u>\$ 26,658</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 \$32,150 and \$33,675 for the years ended June 30, 2022 and 2021, respectively.

Future minimum lease payments under these leases are as follows:

For the year ending June 30,	
2023	\$ 22,692
2024	22,692
2025	5,673
	<u>\$ 51,057</u>

Note 12 - Other Assets

Included in other assets at June 30, 2022 and 2021 are cemetery plots, which have been donated to the Organization. The carrying value of the plots, which are estimated at fair value of the plots, at both June 30, 2022 and 2021 was \$181,648.

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 \$48,959 and \$40,738 at June 30, 2022 and 2021, respectively.

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

Note 13 - Liquidity

The following reflects the Organization's financial assets at June 30, 2022 and 2021, reduced by amounts not available for general use due to donor-imposed restrictions and board designations (long-term operation reserves and restricted cash designations):

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Financial assets, at end of year		
Cash and cash equivalents	\$ 748,670	\$ 1,238,845
Restricted cash held in investments	91,861	55,429
Investments	7,281,011	8,161,945
Contributions and grant receivable, net	216,370	253,730
Program fees receivable, net	185,650	176,979
	<u>8,523,562</u>	<u>9,886,928</u>
Less contractual restrictions, donor-imposed restrictions, and designated funds		
Board-designated funds	1,034,380	1,081,564
Donor-imposed restricted funds	4,022,442	3,972,204
	<u>5,056,822</u>	<u>5,053,768</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,466,740</u>	<u>\$ 4,833,160</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

In September 2022, the Organization was advised that the trust prior to June 2021, that had processed medical claims for the employees of the Organization, had ceased operations and was then in a re-organization (Chapter XI) Bankruptcy Court proceeding. The Organization was then current on its obligations to the Trust covering the benefits due to its employees and entered into an agreement with the Bankruptcy Trustees to satisfy its anticipated remaining obligations to the Trust which were then estimated to be \$45,000 and which the Organization did, in fact, pay in full to the Trustees during December 2021. While the terms of the Trust provide that the Bankruptcy Trustees could assert a claim for a further payment from the Organization, recent information received from the attorney for the trustees indicates that it is highly unlikely that there will be any such further claim against the Organization.

The Organization has evaluated subsequent events occurring after the statement of financial position date through the date of February 9, 2023, which is the date the financial statements were available to be issued.



**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***

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. (“the Organization”), which comprise the statements of financial position as of June 30, 2022 and 2021, 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, and have issued our report thereon dated February 9, 2023.

Report on 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”) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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
February 9, 2023