

Jewish Family Service of MetroWest, Inc.

Financial Statements

Years Ended June 30, 2023 and 2022

Jewish Family Service of MetroWest, Inc.

Financial Statements

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C O N T E N T S

	Page
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Changes in Net Assets	5
Statement of Functional Expenses - Current Year	6
Statement of Functional Expenses - Prior Year	7
Statements of Cash Flows	8
Notes to Financial Statements	9-26
Supplementary Information	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	27-28



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, 2023 and 2022, 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, 2023 and 2022, 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 7, 2024 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jewish Family Service of MetroWest, Inc.'s internal control over financial reporting and compliance.



Parsippany, New Jersey
February 7, 2024

Jewish Family Service of MetroWest, Inc.

Statements of Financial Position

	June 30,	
	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 645,620	\$ 748,670
Contributions and grants receivable	173,679	216,370
Program fees receivable	171,546	185,650
Total current assets	990,845	1,150,690
PROPERTY PLANT AND EQUIPMENT, NET	535,768	579,485
OTHER ASSETS		
Restricted cash held in investments	70,800	91,861
Investments	7,720,313	7,281,011
Pension loan reserve	97,987	97,987
Due (to) from related party	(22,216)	8,064
Other assets	232,816	230,607
Total other assets	8,099,700	7,709,530
TOTAL ASSETS	\$ 9,626,313	\$ 9,439,705
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 398,190	\$ 259,145
Mortgage payable, current portion	80,838	73,750
Pension loan payable, current portion	64,656	62,421
Deferred revenue	50,000	-
Total current liabilities	593,684	395,316
LONG-TERM DEBT, LIABILITIES		
Mortgage payable, net of current portion	327,881	408,718
Pension loan payable, net of current portion	1,651,197	1,715,849
Postretirement medical plan obligation	285,205	318,322
Total long-term liabilities	2,264,283	2,442,889
NET ASSETS		
Without donor restrictions	2,900,895	2,579,058
With donor restrictions	3,867,451	4,022,442
Total net assets	6,768,346	6,601,500
TOTAL LIABILITIES AND NET ASSETS	\$ 9,626,313	\$ 9,439,705

See accompanying Notes to Financial Statements.

Jewish Family Service of MetroWest, Inc.

Statements of Activities

	Years Ended June 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES						
Contributions	\$ 964,513	\$ 938,110	\$ 1,902,623	\$ 871,181	\$ 930,650	\$ 1,801,831
Contributions from Jewish Federation of Greater MetroWest NJ						
Annual allocation	73,750	411,250	485,000	417,000	68,000	485,000
Forgiveness of mortgage payable to affiliate	-	-	-	222,923	-	222,923
Special events, net of direct benefit to donor of \$39,703 and \$29,750 in 2023 and 2022, respectively	313,875	-	313,875	162,755	-	162,755
Grants, counseling, and program fees	4,937,991	-	4,937,991	4,616,911	-	4,616,911
Investment income, net of investment fees of \$47,003 and \$50,996 in 2023 and 2022, respectively	95,734	-	95,734	3,413	-	3,413
Other revenues	8,817	-	8,817	8,391	-	8,391
	6,394,680	1,349,360	7,744,040	6,302,574	998,650	7,301,224
Net assets released from restrictions	2,104,783	(2,104,783)	-	685,230	(685,230)	-
Total support and revenues	8,499,463	(755,423)	7,744,040	6,987,804	313,420	7,301,224
FUNCTIONAL EXPENSES						
Program services						
Family and children services	1,455,518	-	1,455,518	1,319,051	-	1,319,051
Older adult services	4,708,359	-	4,708,359	3,669,862	-	3,669,862
Domestic violence	969,923	-	969,923	938,311	-	938,311
	7,133,800	-	7,133,800	5,927,224	-	5,927,224
Development and fundraising	284,716	-	284,716	47,167	-	47,167
Management and general	827,277	-	827,277	1,010,286	-	1,010,286
Total functional expenses	8,245,793	-	8,245,793	6,984,677	-	6,984,677
Change in net assets from operations	253,670	(755,423)	(501,753)	3,127	313,420	316,547
INVESTMENT INCOME						
Realized gains on investments	11,752	92,360	104,112	27,192	303,721	330,913
Unrealized gains (losses) on investments	66,518	508,072	574,590	(325,924)	(566,903)	(892,827)
	78,270	600,432	678,702	(298,732)	(263,182)	(561,914)
Changes in net assets before defined benefit/post retirement plan adjustment	331,940	(154,991)	176,949	(295,605)	50,238	(245,367)
Defined benefit/post retirement plan adjustment	(10,103)	-	(10,103)	46,104	-	46,104
Change in net assets	\$ 321,837	\$ (154,991)	\$ 166,846	\$ (249,501)	\$ 50,238	\$ (199,263)

See accompanying Notes to Financial Statements.

Jewish Family Service of MetroWest, Inc.

Statements of Changes in Net Assets

	Years Ended June 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
NET ASSETS, <i>beginning of year</i>	\$ 2,579,058	\$ 4,022,442	\$ 6,601,500	\$ 2,828,559	\$ 3,972,204	\$ 6,800,763
Increase (decrease) in net assets	321,837	(154,991)	166,846	(249,501)	50,238	(199,263)
NET ASSETS, <i>end of year</i>	\$ 2,900,895	\$ 3,867,451	\$ 6,768,346	\$ 2,579,058	\$ 4,022,442	\$ 6,601,500

See accompanying Notes to Financial Statements.

Jewish Family Service of MetroWest, Inc.

Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services			Total Program Services	Development and Fundraising	Management and General	Total
	Family and Children Services	Older Adult Services	Domestic Violence				
Salaries	\$ 1,134,692	\$ 1,012,450	\$ 770,758	\$ 2,917,900	\$ 218,022	\$ 215,267	\$ 3,351,189
Payroll taxes and employee benefits	220,735	156,793	115,555	493,083	49,486	51,049	593,618
Professional fees and audit fees	-	-	-	-	-	57,225	57,225
Consultants	2,650	2,650	2,715	8,015	1,180	12,946	22,141
Direct assistance to clients/program expense	9,628	3,421,984	33,697	3,465,309	42,272	5,047	3,512,628
Office supplies and expense	9,293	10,103	2,094	21,490	631	39,477	61,598
Publicity and promotion	364	11,853	-	12,217	-	100	12,317
Conference and travel expense	7,256	9,912	1,867	19,035	6	8,895	27,936
Telephone and beeper services	6,508	2,353	1,548	10,409	-	19,240	29,649
Transportation	-	33,482	228	33,710	-	-	33,710
Equipment rental and maintenance & computer software/hardware/support	18,539	13,556	1,802	33,897	62	137,772	171,731
Postage and printing and shipping	118	1,855	169	2,142	10,870	7,195	20,207
Insurance	-	-	1,271	1,271	-	53,924	55,195
Occupancy	30,789	11,035	26,249	68,073	1,000	97,043	166,116
Depreciation	10,929	10,929	10,929	32,787	-	10,931	43,718
Licenses, dues, and accreditation fees	3,511	350	750	4,611	-	13,371	17,982
Interest expense	-	-	-	-	-	79,203	79,203
Miscellaneous	506	9,054	291	9,851	890	18,592	29,333
Total expenses	1,455,518	4,708,359	969,923	7,133,800	324,419	827,277	8,285,496
Less direct benefit to donor	-	-	-	-	(39,703)	-	(39,703)
Total functional expenses	\$ 1,455,518	\$ 4,708,359	\$ 969,923	\$ 7,133,800	\$ 284,716	\$ 827,277	\$ 8,245,793

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/program expense	6,775	2,556,982	35,058	2,598,815	12,812	42,549	2,654,176
Office supplies and expense	6,018	2,832	1,655	10,505	17,990	27,921	56,416
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
Total expenses	1,319,051	3,669,862	938,311	5,927,224	76,917	1,010,286	7,014,427
Less direct benefit to donor	-	-	-	-	(29,750)	-	(29,750)
Total functional expenses	\$ 1,319,051	\$ 3,669,862	\$ 938,311	\$ 5,927,224	\$ 47,167	\$ 1,010,286	\$ 6,984,677

Jewish Family Service of MetroWest, Inc.

Statements of Cash Flows

	Years Ended June 30,	
	2023	2022
CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 166,846	\$ (199,263)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used for) operating activities		
Depreciation	43,718	51,214
Realized and unrealized (gains) losses on investments	(678,702)	561,914
Forgiveness of mortgage payable to affiliate	-	(222,923)
Changes in operating assets and liabilities		
Contributions and grants receivable	42,691	37,360
Program fees receivable	14,104	(8,671)
Other assets	(2,210)	(8,221)
Due (to) from related party	30,280	3,182
Accounts payable and accrued expenses	139,045	5,086
Postretirement medical plan obligation	(33,117)	(85,935)
Deferred revenue	50,000	(766,198)
	(227,345)	(632,455)
CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES		
Purchases of investments	(651,294)	-
Proceeds of sale of investments	890,694	541,943
	239,400	541,943
CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES		
Repayments of pension loan payable to related party	(62,417)	(60,093)
Repayments of mortgage principal to related party	(73,749)	(303,138)
	(136,166)	(363,231)
Net decrease in cash and cash equivalents	(124,111)	(453,743)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, <i>beginning of year</i>	840,531	1,294,274
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, <i>end of year</i>	\$ 716,420	\$ 840,531
Reconciliation of cash, cash equivalents, and restricted cash balances		
Cash and cash equivalents	\$ 645,620	\$ 748,670
Restricted cash	70,800	91,861
Total cash, cash equivalents, and restricted cash	\$ 716,420	\$ 840,531
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 79,203	\$ 75,046

See accompanying Notes to Financial Statements.

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

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. JFS operates several outreach locations and provides specialized counseling and other program services to children, families, and the elderly. JFS also provides counseling services and financial support for families that suffer domestic violence.

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

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" 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 8.

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).

JFS had no unrecognized tax benefits at June 30, 2023 or 2022. JFS has no open years subject to examination prior to June 30, 2020. Furthermore, there is no tax related interest or penalties reflected in the financial statements presented.

d. Operating Activities

JFS 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 derives its revenues and support primarily from grants and contributions, special events, and counseling and program fees. Under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, revenue is recognized when performance obligations to a customer are satisfied, and revenue is earned. JFS applied the guidance under FASB 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, 2023 and 2022

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

e. Revenue and Support - Continued

Contributions and grants - 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 JFS has contracts with customers to provide approved services (performance obligations) to the individual. JFS 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, JFS recognizes revenue, resulting in revenue recognized over time.

Historically, JFS has not needed to record an allowance for doubtful accounts. Management reviewed accounts receivable for the year ended June 30, 2023 and 2022 and determined that no bad debt expense or allowance needed to be recorded in either year.

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, 2023 and 2022:

Revenue by revenue stream is as follows:

	Years Ended June 30,	
	2023	2022
Claims conference program	\$ 3,111,681	\$ 2,772,777
Other program fees	1,311,201	1,385,895
Counseling revenue	515,109	458,239
	<u>\$ 4,937,991</u>	<u>\$ 4,616,911</u>

Revenue by timing of revenue recognition was as follows:

	2023	2022
Over time	\$ 4,937,991	\$ 4,616,911
Point in time	39,703	29,750
	<u>\$ 4,977,694</u>	<u>\$ 4,646,661</u>

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

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, expenses that cannot be directly assigned to a program, fundraising, or general and administrative expenses have been allocated to program services, fundraising, and general and administrative based on the percentage of each program's salaries to total salaries.

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, JFS 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, 2023 and 2022

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. Leases

In February 2016, the FASB issued ASC Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use ("ROU") asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the income statement. JFS adopted Topic 842 on July 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, JFS has applied Topic 842 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with JFS's historical accounting treatment under ASC Topic 840, *Leases*.

JFS elected the "package of practical expedients" under the transition guidance within Topic 842, in which JFS does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. JFS has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on July 1, 2022.

JFS determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) JFS obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. JFS also considers whether its service arrangements include the right to control the use of an asset.

JFS made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or July 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, JFS made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

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

l. Leases - Continued

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

JFS has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, and equipment asset classes. The non-lease components typically represent additional services transferred to JFS, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

m. Recent Pending Pronouncements

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an organization's exposure to credit risk and the measurement of credit losses. Financial assets held by the company that are subject to the guidance in FASB ASC 326 were trade accounts receivable. This is effective for years beginning after December 15, 2023.

n. Subsequent Events

JFS has evaluated subsequent events occurring after the statement of financial position date through the date of February 7, 2024, which is the date the financial statements were available to be issued.

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.

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 2 - Investments - Continued

Investment fair values are summarized as follows:

	June 30, 2023		June 30, 2022	
	Cost	Fair Value	Cost	Fair Value
Managed investment pool (see Note 6)	\$ 4,317,711	\$ 4,644,614	\$ 4,545,555	\$ 4,590,573
Mutual funds	296,606	258,193	299,991	252,538
Corporate bonds	594,331	543,502	585,619	540,580
Common stocks	2,032,885	2,274,004	1,949,788	1,897,320
Total	\$ 7,241,533	\$ 7,720,313	\$ 7,380,953	\$ 7,281,011

Investment income consists of the following:

	Years Ended June 30,	
	2023	2022
Operating		
Investment income	\$ 142,737	\$ 54,409
Less investment fees	(47,003)	(50,996)
	\$ 95,734	\$ 3,413
Non-operating		
Realized gains on investments	\$ 104,112	\$ 330,913
Unrealized gains (losses) on investments	574,590	(892,827)
	\$ 678,702	\$ (561,914)

Fair Value Measurements

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.

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 2 - Investments - Continued

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, JFS 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.

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 JFS's investments that are measured at fair value:

	June 30, 2023			
	Balance	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 258,193	\$ 258,193	\$ -	\$ -
Corporate bonds	543,502	-	543,502	-
Common stocks	2,274,004	2,274,004	-	-
Totals	<u>\$ 3,075,699</u>	<u>\$ 2,532,197</u>	<u>\$ 543,502</u>	<u>\$ -</u>

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

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 2 - Investments - Continued

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 \$4,644,614 and \$4,590,573 as of June 30, 2023 and 2022, 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, 2023 and 2022, respectively.

	<u>2023</u> Fair Value	<u>2022</u> Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Pooled investments	\$ 4,644,614	\$ 4,590,573	N/A	25% per year	30 Days

The following is a summary of activity for the years ended June 30, 2023 and 2022 for assets held in a managed investment pool that are measured at fair value based upon unobservable inputs.

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Pooled investments		
Balance, <i>beginning of year</i>	\$ 4,590,573	\$ 6,128,980
Income	61,668	101,896
Fees	(25,884)	(28,594)
Appropriations	(335,000)	(1,493,500)
Realized/unrealized gain (loss)	353,257	(118,209)
Balance, <i>end of year</i>	<u>\$ 4,644,614</u>	<u>\$ 4,590,573</u>

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 2 - Investments - Continued

The managed investment pool is comprised of various types of equity and debt investments. As of June 30, 2023 and 2022, the investment composition of the managed investment pool was as follows:

	June 30,	
	2023	2022
Pooled investments		
Cash and cash equivalents	3.5 %	7.21 %
U.S. treasury obligations	11.5	7.3
Corporate and foreign bonds	7.34	5.77
Equities	21.10	16.94
Mutual funds	56.05	27.66
Limited partnerships	0.51	35.12
Total pooled investments	<u>100.00 %</u>	<u>100.00 %</u>

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.

JFS has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds and additional contributions to those funds, absent explicit donor stipulations to the contrary. As permitted by donor-imposition, the remaining portion of the donor-restricted endowment fund remains classified in net assets with donor restriction until those amounts are appropriated for expenditure by JFS in a manner consistent with the standard of prudence prescribed by UPMIFA.

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 3 - Endowment Funds - Continued

There are board-designated endowment funds of \$1,000,972 and \$942,519 as of June 30, 2023 and 2022, respectively, and endowment funds with donor restrictions of \$3,042,199 and \$2,879,462 as of June 30, 2023 and 2022, respectively.

JFS 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 JFS 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 JFS
7. The investment policies of JFS

Changes in endowment net assets for the years ended June 30, 2023 and 2022 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
	Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, <i>beginning of year</i>	\$ 942,519	\$ 2,879,462	\$ 3,821,981
Investment return			
Investment income	10,002	28,445	38,447
Net appreciation (realized and unrealized)	78,270	277,251	355,521
Total investment return	88,272	305,696	393,968
Appropriation of endowment assets for expenditure	(29,819)	(142,959)	(172,778)
Endowment net assets, <i>end of year</i>	\$ 1,000,972	\$ 3,042,199	\$ 4,043,171

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 3 - Endowment Funds - Continued

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NJUPMIFA requires JFS 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, 2023 and 2022.

Spending Policy and How the Investment Objectives Relate to Spending Policy

JFS 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. Management determines annual spending of up to 5% of the portfolio. In establishing this policy, JFS considered the long-term expected returns on its endowments. Accordingly, over the long-term, JFS 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, JFS 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, 2023 and 2022 consisted of the following:

	June 30,	
	2023	2022
Condominium land	\$ 283,812	\$ 283,812
Condominium building	869,592	869,592
Furniture and fixtures	402,555	402,555
Equipment	899,326	899,326
	<u>2,455,285</u>	<u>2,455,285</u>
Less accumulated depreciation	1,919,517	1,875,800
Property and equipment, net	<u>\$ 535,768</u>	<u>\$ 579,485</u>

Depreciation expense amounted to \$43,718 and \$51,214 for the years ended June 30, 2023 and 2022, 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%. The line of credit is payable on demand. There are no amounts outstanding under the line as of June 30, 2023 and 2022.

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 6 - Related Party Transactions

JFS receives an annual allocation from Jewish Federation of Greater MetroWest NJ (“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:

	2023	
	Assets/ (Liabilities)	Revenues/ (Expenses)
Annual allocation from JFEDGMW and intercompany balance	\$ (22,216)	\$ 485,000
Assets held by JCF and investment earnings	\$ 4,644,614	\$ 773,909
Pension loan due to and interest charged by JFEDGMW	\$ (1,651,197)	\$ (66,535)
Pension loan reserve held at JFEDGMW	\$ 97,987	\$ -
Mortgage due to and interest charged by JFEDGMW	\$ (327,881)	\$ (12,650)
	2022	
	Assets/ (Liabilities)	Revenues/ (Expenses)
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)	\$ (6,204)

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.

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 6 - Related Party Transactions - Continued

Scheduled principal payments required with JFEDGMW are as follows:

For the year ending June 30,

2024	\$	80,838
2025		82,076
2026		83,332
2027		84,607
2028		77,866
		<u>77,866</u>
	\$	<u>408,719</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,

2024	\$	64,656
2025		67,334
2026		69,939
2027		72,645
2028		75,309
Thereafter		1,365,970
		<u>1,365,970</u>
	\$	<u>1,715,853</u>

Note 7 - 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 does not take new participants. JFS 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, 2023 and 2022

Note 7 - 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:

	2023	2022
Funded status		
Benefit obligation	\$ (285,205)	\$ (318,322)
Funded status - liability	\$ (285,205)	\$ (318,322)
Periodic cost		
Interest cost	\$ 12,463	\$ 8,651
Amortization of net loss	4,486	9,916
Net periodic benefit cost	\$ 16,949	\$ 18,567
Change in plan assets		
Plan assets at beginning of year		
Employer contributions	\$ 57,205	\$ 55,797
Plan participant contributions	26,640	26,064
Benefits paid	(83,845)	(81,861)
Plan assets at end of year	\$ -	\$ -
Change in benefit obligation		
Benefit obligation, <i>beginning of year</i>	\$ 318,322	\$ 404,257
Interest cost	12,463	8,651
Participants' contributions	26,640	26,064
Actuarial gains	11,625	(38,789)
Benefit payments	(83,845)	(81,861)
Benefit obligation, <i>end of year</i>	\$ 285,205	\$ 318,322

Weighted average assumptions as of June 30:

	2023	2022
Weighted average discount rate	5.10%	4.30%
Health care cost trend rate	6.80%	7.00%

The health care cost trend rate of 6.80% at June 30, 2023 is assumed to decrease to 6.60% in 2024.

A 4% change in the assumed healthcare cost trend rate would have the following future effect:

	4% Point Increase	1% Point Increase
Service and interest cost		
components of net periodic cost	\$ 808	\$ 541
Accumulated benefit obligation	\$ 15,840	\$ 12,576

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 7 - 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
2024	\$ 54,400
2025	\$ 49,600
2026	\$ 45,000
2027	\$ 40,600
2028	\$ 36,400
From 2029 to 2033	\$ 128,700

At June 30, 2023 and 2022, the current portion of the Medical Plan's accumulated benefit obligation is \$27,052 and \$18,567, respectively.

Other

JFS also participates in a JFEDGMW-sponsored pre-tax cafeteria payroll withholding plan for all full-time, part-time, and affiliated 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 8 - Net Assets Without and With Donor Restrictions

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

	2023	2022
Without donor restrictions		
Board-designated - endowment	\$ 1,000,972	\$ 942,519
Board-designated	70,800	91,861
Undesignated asset	1,829,123	1,544,678
Total without donor restrictions	<u>\$ 2,900,895</u>	<u>\$ 2,579,058</u>

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 8 - Net Assets Without and With Donor Restrictions - Continued

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

	<u>2023</u>	<u>2022</u>
Donor-purpose restrictions		
Unappropriated endowment earnings	\$ 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 and children	40,764	-
Older adults programs	57,584	197,351
Domestic violence	1,303,464	1,359,452
Total donor-restricted net assets	<u>\$ 3,867,451</u>	<u>\$ 4,022,442</u>

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

	<u>2023</u>	<u>2022</u>
Family and children	\$ 564,251	\$ 299,365
Older adults programs	1,007,759	347,310
Domestic violence	532,773	38,562
Total donor-restricted net assets	<u>\$ 2,104,783</u>	<u>\$ 685,237</u>

Note 9 - 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.

For the year ended June 30, 2023, one grantor organization accounted for approximately 40% of total operating support and revenues, and for the year ended June 30, 2022, the same grantor organization accounted for approximately 39% of total operating support and revenues. These funds are predominately used to pay vendors who provide supporting services for a specific JFS population. 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, 2023 and 2022

Note 10 - Lease Commitments

JFS entered into a lease agreement, including an amendment dated October 20, 2022, with an initial expiration date of December 31, 2027. However, the landlord terminated the lease effective May 17, 2024, as notified to JFS on November 17, 2023. Due to this change in circumstance, this is not considered a long term lease and ASC 842 was not applied. Rental expense amounted to \$62,837 and \$54,634 for the years ended June 30, 2023 and 2022, respectively.

Note 11 - Other Assets

Included in other assets at June 30, 2023 and 2022 are cemetery plots, which have been donated to JFS. The carrying value of the plots, which were initially estimated at fair value of the plots at the time of receipt from a donor 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 \$51,168 and \$48,959 at June 30, 2023 and 2022, respectively.

Note 12 - Liquidity

The following reflects JFS's financial assets at June 30, 2023 and 2022, 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, 2023</u>	<u>June 30, 2022</u>
Financial assets, at end of year		
Cash and cash equivalents	\$ 645,620	\$ 748,670
Restricted cash held in investments	70,800	91,861
Investments	7,720,313	7,281,011
Contributions and grant receivable, net	173,679	216,370
Program fees receivable, net	171,546	185,650
	<u>8,781,958</u>	<u>8,523,562</u>
Less contractual restrictions, donor-imposed restrictions, and designated funds		
Board-designated funds	1,071,772	1,034,380
Donor-imposed restricted funds	3,867,451	4,022,442
	<u>4,939,223</u>	<u>5,056,822</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,842,735</u>	<u>\$ 3,466,740</u>

JFS 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.

Jewish Family Service of MetroWest, Inc.

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 13 - Risks and Uncertainty

In September 2022, JFS was advised that the trust prior to June 2021, that had processed medical claims for the employees of JFS, had ceased operations and was then in a re-organization (Chapter XI) bankruptcy court proceeding. While the terms of the trust provide that the bankruptcy trustees could assert a claim for a further payment from JFS, recent information received from the attorney for the trustees indicates that it is highly unlikely that there will be any such further claim against JFS.



**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, 2023 and 2022, 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 7, 2024.

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 organization’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.



Parsippany, New Jersey
February 7, 2024