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**JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE**

**COMBINING FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022 AND 2021**

## JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Contents  
September 30, 2022 and 2021

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## Independent Auditor's Report

To the Board of Directors of  
Jewish Vocational Service, Inc. and Affiliate:

### **Opinion**

We have audited the combining financial statements of Jewish Vocational Service, Inc. and Boston Center for Adult Education, Inc. (Affiliate) (collectively, the Agency) (Massachusetts nonprofit corporations) which comprise the combining statements of financial position as of September 30, 2022 and 2021, and the related combining statements of activities, changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the combining financial statements.

In our opinion, the accompanying combining financial statements referred to above present fairly, in all material respects, the combining financial position of Jewish Vocational Service, Inc. and Affiliate as of September 30, 2022 and 2021, and the changes in their net assets and their 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). 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 Agency 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 combining 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 combining financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the combining 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 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 combining financial statements.

## **Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combining 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 combining 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 Agency'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 combining financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency'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.

*AAFCPA, Inc.*

Boston, Massachusetts  
February 15, 2023

**JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE**

Combining Statement of Financial Position  
September 30, 2022

	Jewish Vocational Service, Inc.			Boston Center for Adult Education, Inc.			
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Combined Total
<b>Assets</b>							
Current Assets:							
Cash and cash equivalents	\$ 1,667,224	\$ 4,843,471	\$ 6,510,695	\$ 111,970	\$ -	\$ 111,970	\$ 6,622,665
Cash - restricted	58,454	-	58,454	-	-	-	58,454
Allocations receivable from CJP	-	1,236,773	1,236,773	-	-	-	1,236,773
Federal and state contract receivables	2,242,669	-	2,242,669	-	-	-	2,242,669
Contracted services and program revenue receivables	1,241,002	-	1,241,002	-	-	-	1,241,002
Current portion of pledges receivable	-	936,000	936,000	-	-	-	936,000
Prepaid expenses and other current assets	217,788	-	217,788	-	-	-	217,788
Total current assets	5,427,137	7,016,244	12,443,381	111,970	-	111,970	12,555,351
Investments	3,877,619	762,844	4,640,463	-	-	-	4,640,463
Pledges Receivable, net of discount and current portion	-	34,540	34,540	-	-	-	34,540
Investments - Restricted	565,196	-	565,196	-	-	-	565,196
Deposits	135,000	-	135,000	1,900	-	1,900	136,900
Property and Equipment, net	1,328,380	-	1,328,380	5,901,928	-	5,901,928	7,230,308
Total assets	\$ 11,333,332	\$ 7,813,628	\$ 19,146,960	\$ 6,015,798	\$ -	\$ 6,015,798	\$ 25,162,758
<b>Liabilities and Net Assets</b>							
Current Liabilities:							
Accounts payable	\$ 602,763	\$ -	\$ 602,763	\$ 2,851	\$ -	\$ 2,851	\$ 605,614
Accrued expenses and other	780,559	-	780,559	-	-	-	780,559
Current portion of due to CJP	23,632	-	23,632	-	-	-	23,632
Current portion of deferred revenue	107,609	-	107,609	140,796	-	140,796	248,405
Current portion of deferred rent	265,143	-	265,143	-	-	-	265,143
Other liabilities	42,640	-	42,640	-	-	-	42,640
Total current liabilities	1,822,346	-	1,822,346	143,647	-	143,647	1,965,993
Long-term Liabilities:							
Due to CJP, net of current portion	67,599	-	67,599	-	-	-	67,599
Deferred revenue, net of current portion	89,788	-	89,788	-	-	-	89,788
Deferred rent, net of current portion	334,259	-	334,259	-	-	-	334,259
Deferred compensation	565,196	-	565,196	-	-	-	565,196
Total liabilities	2,879,188	-	2,879,188	143,647	-	143,647	3,022,835
Net Assets:							
Without donor restrictions:							
Operating	4,257,229	-	4,257,229	(29,777)	-	(29,777)	4,227,452
Board designated	2,868,535	-	2,868,535	-	-	-	2,868,535
Property and equipment	1,328,380	-	1,328,380	5,901,928	-	5,901,928	7,230,308
Total without donor restrictions	8,454,144	-	8,454,144	5,872,151	-	5,872,151	14,326,295
With donor restrictions	-	7,813,628	7,813,628	-	-	-	7,813,628
Total net assets	8,454,144	7,813,628	16,267,772	5,872,151	-	5,872,151	22,139,923
Total liabilities and net assets	\$ 11,333,332	\$ 7,813,628	\$ 19,146,960	\$ 6,015,798	\$ -	\$ 6,015,798	\$ 25,162,758

The accompanying notes are an integral part of these combining statements.

**JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE**

Combining Statement of Financial Position  
September 30, 2021

	Jewish Vocational Service, Inc.			Boston Center for Adult Education, Inc.			
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Combined Total
<b>Assets</b>							
Current Assets:							
Cash and cash equivalents	\$ 3,756,084	\$ 4,138,238	\$ 7,894,322	\$ 126,746	\$ -	\$ 126,746	\$ 8,021,068
Cash - restricted	58,346	-	58,346	-	-	-	58,346
Allocations receivable from CJP	-	1,119,627	1,119,627	-	-	-	1,119,627
Federal and state contract receivables	1,957,448	-	1,957,448	-	-	-	1,957,448
Contracted services and program revenue receivables	352,089	-	352,089	-	-	-	352,089
Current portion of pledges receivable	-	963,305	963,305	-	-	-	963,305
Prepaid expenses and other current assets	231,288	-	231,288	-	-	-	231,288
Total current assets	6,355,255	6,221,170	12,576,425	126,746	-	126,746	12,703,171
Investments	4,531,575	902,701	5,434,276	-	-	-	5,434,276
Pledges Receivable, net of discount and current portion	-	574,540	574,540	-	-	-	574,540
Investments - Restricted	640,815	-	640,815	-	-	-	640,815
Deposits	135,000	-	135,000	1,900	-	1,900	136,900
Property and Equipment, net	1,313,275	-	1,313,275	5,971,806	-	5,971,806	7,285,081
Total assets	\$ 12,975,920	\$ 7,698,411	\$ 20,674,331	\$ 6,100,452	\$ -	\$ 6,100,452	\$ 26,774,783
<b>Liabilities and Net Assets</b>							
Current Liabilities:							
Accounts payable	\$ 147,104	\$ -	\$ 147,104	\$ 9,057	\$ -	\$ 9,057	\$ 156,161
Accrued expenses and other	629,710	-	629,710	-	-	-	629,710
Current portion of due to CJP	22,259	-	22,259	-	-	-	22,259
Current portion of deferred revenue	369,896	-	369,896	160,884	-	160,884	530,780
Current portion of deferred rent	214,092	-	214,092	-	-	-	214,092
Other liabilities	40,487	-	40,487	-	-	-	40,487
Total current liabilities	1,423,548	-	1,423,548	169,941	-	169,941	1,593,489
Long-term Liabilities:							
Due to CJP, net of current portion	88,582	-	88,582	-	-	-	88,582
Deferred revenue, net of current portion	112,959	-	112,959	-	-	-	112,959
Deferred rent, net of current portion	596,532	-	596,532	-	-	-	596,532
Deferred compensation	640,815	-	640,815	-	-	-	640,815
Total liabilities	2,862,436	-	2,862,436	169,941	-	169,941	3,032,377
Net Assets:							
Without donor restrictions:							
Operating	5,787,674	-	5,787,674	(41,295)	-	(41,295)	5,746,379
Board Designated	3,012,535	-	3,012,535	-	-	-	3,012,535
Property and equipment	1,313,275	-	1,313,275	5,971,806	-	5,971,806	7,285,081
Total without donor restrictions	10,113,484	-	10,113,484	5,930,511	-	5,930,511	16,043,995
With donor restrictions	-	7,698,411	7,698,411	-	-	-	7,698,411
Total net assets	10,113,484	7,698,411	17,811,895	5,930,511	-	5,930,511	23,742,406
Total liabilities and net assets	\$ 12,975,920	\$ 7,698,411	\$ 20,674,331	\$ 6,100,452	\$ -	\$ 6,100,452	\$ 26,774,783

The accompanying notes are an integral part of these combining statements.

**JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE**

Combining Statement of Activities  
For the Year Ended September 30, 2022

	Jewish Vocational Service, Inc.			Boston Center for Adult Education, Inc.			Combined Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Operating Revenue and Support:</b>							
Federal and state contracts	\$ 9,895,540	\$ -	\$ 9,895,540	\$ -	\$ -	\$ -	\$ 9,895,540
Grants and contributions	3,271,627	2,882,665	6,154,292	-	-	-	6,154,292
Contracted services and program revenue	2,898,607	-	2,898,607	-	-	-	2,898,607
Allocations from CJP	-	1,012,100	1,012,100	-	-	-	1,012,100
Other revenue	21,975	-	21,975	20,088	-	20,088	42,063
Investment return designated for scholarships	-	29,932	29,932	-	-	-	29,932
In-kind contributions	4,899	-	4,899	-	-	-	4,899
Net assets released from time restrictions	1,893,258	(1,893,258)	-	-	-	-	-
Net assets released from purpose restrictions	1,592,920	(1,592,920)	-	-	-	-	-
Total operating revenue and support	19,578,826	438,519	20,017,345	20,088	-	20,088	20,037,433
<b>Operating Expenses:</b>							
Program services	15,261,943	-	15,261,943	-	-	-	15,261,943
Administration	4,197,585	-	4,197,585	78,448	-	78,448	4,276,033
Development	1,628,825	-	1,628,825	-	-	-	1,628,825
Total operating expenses	21,088,353	-	21,088,353	78,448	-	78,448	21,166,801
Changes in net assets from operations	(1,509,527)	438,519	(1,071,008)	(58,360)	-	(58,360)	(1,129,368)
<b>Non-Operating Revenues (Expenses):</b>							
Capital grant	-	323,698	323,698	-	-	-	323,698
Net assets released from capital restrictions	550,040	(550,040)	-	-	-	-	-
Investment return designated for scholarships	-	(29,932)	(29,932)	-	-	-	(29,932)
Investment return (loss), net	(699,853)	(67,028)	(766,881)	-	-	-	(766,881)
Total non-operating revenues (expenses)	(149,813)	(323,302)	(473,115)	-	-	-	(473,115)
Changes in net assets	\$ (1,659,340)	\$ 115,217	\$ (1,544,123)	\$ (58,360)	\$ -	\$ (58,360)	\$ (1,602,483)

The accompanying notes are an integral part of these combining statements.

**JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE**

Combining Statement of Activities  
For the Year Ended September 30, 2021

	Jewish Vocational Service, Inc.			Boston Center for Adult Education, Inc.			Combined Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Operating Revenue and Support:</b>							
Federal and state contracts	\$ 9,284,442	\$ -	\$ 9,284,442	\$ -	\$ -	\$ -	\$ 9,284,442
Grants and contributions	3,065,953	2,948,293	6,014,246	-	-	-	6,014,246
Contracted services and program revenue	2,561,854	-	2,561,854	-	-	-	2,561,854
Allocations from CJP	-	1,012,100	1,012,100	-	-	-	1,012,100
Other revenue	78,412	-	78,412	186,329	-	186,329	264,741
Investment return designated for scholarships	-	26,839	26,839	-	-	-	26,839
In-kind contributions	52,277	-	52,277	-	-	-	52,277
Net assets released from time restrictions	1,752,805	(1,752,805)	-	-	-	-	-
Net assets released from purpose restrictions	1,618,127	(1,618,127)	-	-	-	-	-
Total operating revenue and support	18,413,870	616,300	19,030,170	186,329	-	186,329	19,216,499
<b>Operating Expenses:</b>							
Program services	13,242,956	-	13,242,956	-	-	-	13,242,956
Administration	3,434,768	-	3,434,768	270,215	-	270,215	3,704,983
Development	1,229,508	-	1,229,508	-	-	-	1,229,508
Total operating expenses	17,907,232	-	17,907,232	270,215	-	270,215	18,177,447
Changes in net assets from operations	506,638	616,300	1,122,938	(83,886)	-	(83,886)	1,039,052
<b>Non-Operating Revenues (Expenses):</b>							
Capital grant	-	550,040	550,040	-	-	-	550,040
Net assets released from capital restrictions	375,000	(375,000)	-	-	-	-	-
Investment return designated for scholarships	-	(26,839)	(26,839)	-	-	-	(26,839)
Investment return, net	250,396	133,314	383,710	396,664	-	396,664	780,374
Note payable forgiveness	1,956,909	-	1,956,909	-	-	-	1,956,909
Total non-operating revenues (expenses)	2,582,305	281,515	2,863,820	396,664	-	396,664	3,260,484
Changes in net assets	\$ 3,088,943	\$ 897,815	\$ 3,986,758	\$ 312,778	\$ -	\$ 312,778	\$ 4,299,536

The accompanying notes are an integral part of these combining statements.



**JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE**

Combining Statements of Changes in Net Assets  
For the Years Ended September 30, 2022 and 2021

	Jewish Vocational Service, Inc.			Boston Center for Adult Education, Inc.			Combined Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Net Assets</b> , September 30, 2020	\$ 3,904,006	\$ 6,623,804	\$ 10,527,810	\$ 8,738,268	\$ 176,792	\$ 8,915,060	\$ 19,442,870
Asset transfer	3,120,535	176,792	3,297,327	(3,120,535)	(176,792)	(3,297,327)	-
Changes in net assets	<u>3,088,943</u>	<u>897,815</u>	<u>3,986,758</u>	<u>312,778</u>	<u>-</u>	<u>312,778</u>	<u>4,299,536</u>
<b>Net Assets</b> , September 30, 2021	10,113,484	7,698,411	17,811,895	5,930,511	-	5,930,511	23,742,406
Changes in net assets	<u>(1,659,340)</u>	<u>115,217</u>	<u>(1,544,123)</u>	<u>(58,360)</u>	<u>-</u>	<u>(58,360)</u>	<u>(1,602,483)</u>
<b>Net Assets</b> , September 30, 2022	<u>\$ 8,454,144</u>	<u>\$ 7,813,628</u>	<u>\$ 16,267,772</u>	<u>\$ 5,872,151</u>	<u>\$ -</u>	<u>\$ 5,872,151</u>	<u>\$ 22,139,923</u>

The accompanying notes are an integral part of these combining statements.

**JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE**

Combining Statements of Cash Flows  
For the Years Ended September 30, 2022 and 2021

	2022			2021		
	Jewish Vocational Service, Inc.	Boston Center for Adult Education, Inc.	Combined Total	Jewish Vocational Service, Inc.	Boston Center for Adult Education, Inc.	Combined Total
<b>Cash Flows from Operating Activities:</b>						
Changes in net assets	\$ (1,544,123)	\$ (58,360)	\$ (1,602,483)	\$ 3,986,758	\$ 312,778	\$ 4,299,536
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:						
Depreciation	615,257	69,878	685,135	497,928	132,242	630,170
Bad debt	48,226	-	48,226	72,885	-	72,885
Capital grant	(323,698)	-	(323,698)	(550,040)	-	(550,040)
Investment return (loss), net	766,881	-	766,881	(356,871)	(396,664)	(753,535)
Note payable forgiveness	-	-	-	(1,956,909)	-	(1,956,909)
Changes in operating assets and liabilities:						
Allocations receivable from CJP	(117,146)	-	(117,146)	24,900	-	24,900
Federal and state contract receivables	(333,447)	-	(333,447)	(31,221)	-	(31,221)
Contracted services and program revenue receivables	(888,913)	-	(888,913)	74,566	12,500	87,066
Pledges receivable	567,305	-	567,305	(822,040)	-	(822,040)
Prepaid expenses and other current assets	13,500	-	13,500	(92,685)	16,845	(75,840)
Accounts payable	342,144	(6,206)	335,938	(27,377)	(2,530)	(29,907)
Accrued expenses and other	150,849	-	150,849	(32,489)	(36,500)	(68,989)
Deferred revenue	(285,458)	(20,088)	(305,546)	(26,074)	(179,368)	(205,442)
Deferred rent	(211,222)	-	(211,222)	(206,805)	-	(206,805)
Other liabilities	2,153	-	2,153	212	-	212
Net cash provided by (used in) operating activities	<u>(1,197,692)</u>	<u>(14,776)</u>	<u>(1,212,468)</u>	<u>554,738</u>	<u>(140,697)</u>	<u>414,041</u>
<b>Cash Flows from Investing Activities:</b>						
Acquisition of property and equipment	(516,847)	-	(516,847)	(348,740)	(35,675)	(384,415)
Proceeds from sale of investments	26,932	-	26,932	-	200,000	200,000
Decrease in notes receivable	-	-	-	78,053	-	78,053
Net cash provided by (used in) investing activities	<u>(489,915)</u>	<u>-</u>	<u>(489,915)</u>	<u>(270,687)</u>	<u>164,325</u>	<u>(106,362)</u>
<b>Cash Flows from Financing Activities:</b>						
Capital grant	323,698	-	323,698	550,040	-	550,040
Due to CJP	(19,610)	-	(19,610)	(18,471)	-	(18,471)
Net cash provided by financing activities	<u>304,088</u>	<u>-</u>	<u>304,088</u>	<u>531,569</u>	<u>-</u>	<u>531,569</u>
<b>Net Change in Cash, Cash Equivalents and Restricted Cash</b>	<b>(1,383,519)</b>	<b>(14,776)</b>	<b>(1,398,295)</b>	<b>815,620</b>	<b>23,628</b>	<b>839,248</b>
<b>Cash, Cash Equivalents and Restricted Cash:</b>						
Beginning of year	<u>7,952,668</u>	<u>126,746</u>	<u>8,079,414</u>	<u>7,137,048</u>	<u>103,118</u>	<u>7,240,166</u>
End of year	<u><u>\$ 6,569,149</u></u>	<u><u>\$ 111,970</u></u>	<u><u>\$ 6,681,119</u></u>	<u><u>\$ 7,952,668</u></u>	<u><u>\$ 126,746</u></u>	<u><u>\$ 8,079,414</u></u>
<b>Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Combining Statements of Financial Position:</b>						
Cash and cash equivalents	\$ 6,510,695	\$ 111,970	\$ 6,622,665	\$ 7,894,322	\$ 126,746	\$ 8,021,068
Cash - restricted	<u>58,454</u>	<u>-</u>	<u>58,454</u>	<u>58,346</u>	<u>-</u>	<u>58,346</u>
Total cash, cash equivalents and restricted cash	<u><u>\$ 6,569,149</u></u>	<u><u>\$ 111,970</u></u>	<u><u>\$ 6,681,119</u></u>	<u><u>\$ 7,952,668</u></u>	<u><u>\$ 126,746</u></u>	<u><u>\$ 8,079,414</u></u>
<b>Supplemental Disclosure of Cash Transactions:</b>						
Cash paid for interest	<u>\$ 7,043</u>	<u>\$ -</u>	<u>\$ 7,043</u>	<u>\$ 8,206</u>	<u>\$ -</u>	<u>\$ 8,206</u>
Capital asset purchases financed through accounts payable	<u>\$ 144,915</u>	<u>\$ -</u>	<u>\$ 144,915</u>	<u>\$ 31,400</u>	<u>\$ -</u>	<u>\$ 31,400</u>

The accompanying notes are an integral part of these combining statements.

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Combining Statement of Functional Expenses  
For the Year Ended September 30, 2022  
(With Summarized Comparative Totals for the Year Ended September 30, 2021)

	2022															2021	
	Jewish Vocational Service, Inc.																
	Program Services																
	Career Center Services	Career Pathway	English for Advancement	Business Services	Education	Refugee Employment	Bridges to College	Disability Services	Special Initiatives	Client Services	Total Program Services	Adminis- tration	Development	Total	Boston Center for Adult Education, Inc.	Combined Total	Total
Personnel:																	
Salaries and wages	\$ 1,685,841	\$ 1,299,067	\$ 1,138,024	\$ 1,261,466	\$ 515,982	\$ 1,378,611	\$ 492,570	\$ 727,377	\$ 18,401	\$ 709,945	\$ 9,227,284	\$ 1,367,648	\$ 705,282	\$ 11,300,214	\$ -	\$ 11,300,214	\$ 9,848,273
Payroll taxes and fringe benefits	412,366	316,918	279,878	305,885	129,115	337,809	107,697	177,340	4,538	172,587	2,244,133	373,059	183,201	2,800,393	-	2,800,393	2,538,447
Total personnel	2,098,207	1,615,985	1,417,902	1,567,351	645,097	1,716,420	600,267	904,717	22,939	882,532	11,471,417	1,740,707	888,483	14,100,607	-	14,100,607	12,386,720
Occupancy	473,724	330,378	103,169	49,647	319,653	213,184	211,393	55,389	-	-	1,756,537	223,631	51,488	2,031,656	-	2,031,656	1,894,698
Operational:																	
Professional fees	47,757	151,636	68,687	210,744	13,283	19,928	19,914	21,194	178,092	10,944	742,179	1,342,064	176,836	2,261,079	8,480	2,269,559	1,623,348
Depreciation	107,168	73,488	71,639	67,537	26,599	80,682	29,801	46,703	-	45,102	548,719	42,386	24,152	615,257	69,878	685,135	630,170
Equipment	11,052	9,939	8,340	8,250	7,587	10,495	4,708	4,875	-	989	66,235	348,165	36,855	451,255	-	451,255	378,514
Scholarships	-	-	-	-	-	-	-	-	343,411	-	343,411	-	-	343,411	-	343,411	339,798
Miscellaneous	3,272	722	301	6,817	-	1,072	400	4,898	-	1,504	18,986	59,648	218,824	297,458	90	297,548	78,126
Meetings and staff development	562	1,357	-	10,726	-	18,305	322	2,072	-	1,522	34,866	177,620	8,704	221,190	-	221,190	140,140
Events	-	-	-	-	-	-	-	-	-	-	-	-	188,851	188,851	-	188,851	59,500
Client costs	17,861	76,404	-	26,223	289	22,296	-	911	-	-	143,984	10,441	-	154,425	-	154,425	235,022
Communication	356	1,817	4,049	2,141	1,138	103	654	59	-	57	10,374	115,274	31	125,679	-	125,679	127,478
Supplies	27,404	650	70	28,736	4,047	1,351	334	237	20	590	63,439	27,071	14,931	105,441	-	105,441	60,058
Insurance	6,765	4,640	4,523	4,264	1,680	5,094	1,882	2,948	-	2,848	34,644	30,110	1,525	66,279	-	66,279	72,703
Bad debts	-	-	-	-	-	-	-	-	-	-	-	48,226	-	48,226	-	48,226	72,885
Advertising and publicity	482	-	148	3,827	-	-	-	-	-	22,160	26,617	12,540	8,215	47,372	-	47,372	57,237
Bank fees	532	-	-	-	-	-	-	3	-	-	535	12,659	9,930	23,124	-	23,124	12,844
Interest	-	-	-	-	-	-	-	-	-	-	-	7,043	-	7,043	-	7,043	8,206
Total operational	223,211	320,653	157,757	369,265	54,623	159,326	58,015	83,900	521,523	85,716	2,033,989	2,233,247	688,854	4,956,090	78,448	5,034,538	3,896,029
Total expenses	\$ 2,795,142	\$ 2,267,016	\$ 1,678,828	\$ 1,986,263	\$ 1,019,373	\$ 2,088,930	\$ 869,675	\$ 1,044,006	\$ 544,462	\$ 968,248	\$ 15,261,943	\$ 4,197,585	\$ 1,628,825	\$ 21,088,353	\$ 78,448	\$ 21,166,801	\$ 18,177,447

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Combining Statement of Functional Expenses  
For the Year Ended September 30, 2021

Jewish Vocational Service, Inc.															
	Program Services													Boston Center for Adult Education, Inc.	Combined Total
	Career Center Services	Career Pathway	English for Advancement	Business Services	Education	Refugee Employment	Bridges to College	Disability Services	Special Initiatives	Total Program Services	Adminis- tration	Development	Total		
<b>Personnel:</b>															
Salaries and wages	\$ 1,497,714	\$ 1,158,501	\$ 940,216	\$ 1,070,976	\$ 744,620	\$ 1,277,491	\$ 572,383	\$ 635,656	\$ 18,008	\$ 7,915,565	\$ 1,206,994	\$ 725,714	\$ 9,848,273	\$ -	\$ 9,848,273
Payroll taxes and fringe benefits	380,380	294,951	237,188	276,224	185,516	324,857	128,390	160,489	4,574	1,992,569	351,107	194,771	2,538,447	-	2,538,447
Total personnel	1,878,094	1,453,452	1,177,404	1,347,200	930,136	1,602,348	700,773	796,145	22,582	9,908,134	1,558,101	920,485	12,386,720	-	12,386,720
<b>Occupancy</b>	447,843	312,249	97,537	44,330	302,254	201,661	199,707	52,420	-	1,658,001	148,104	48,589	1,854,694	40,004	1,894,698
<b>Operational:</b>															
Professional fees	9,719	54,423	28,628	56,028	6,900	25,968	18,968	-	108,170	308,804	1,166,978	105,071	1,580,853	42,495	1,623,348
Depreciation	77,372	69,808	58,509	53,632	41,080	73,689	33,115	34,159	-	441,364	33,456	23,108	497,928	132,242	630,170
Equipment	14,369	11,776	11,032	14,422	7,020	11,776	5,860	8,161	46	84,462	253,362	23,994	361,818	16,696	378,514
Scholarships	-	-	-	-	-	-	-	-	339,798	339,798	-	-	339,798	-	339,798
Miscellaneous	142	952	397	668	55	1,089	275	2,971	-	6,549	48,903	21,530	76,982	1,144	78,126
Meetings and staff development	853	175	381	1,726	75	33,733	475	522	4,463	42,403	96,144	1,593	140,140	-	140,140
Events	-	-	-	-	-	-	-	-	-	-	-	59,500	59,500	-	59,500
Client costs	113,945	82,380	-	-	168	28,197	575	726	-	225,991	9,031	-	235,022	-	235,022
Communication	7,705	7,252	8,114	9,971	3,697	3,754	2,249	1,728	-	44,470	78,491	1,394	124,355	3,123	127,478
Supplies	13,229	1,652	67	19,797	2,778	728	313	1,723	26	40,313	11,089	8,656	60,058	-	60,058
Insurance	4,530	4,087	3,425	3,139	2,404	4,314	1,938	2,000	-	25,837	11,002	1,353	38,192	34,511	72,703
Bad debts	-	-	-	-	-	-	-	-	72,885	72,885	-	-	72,885	-	72,885
Advertising and publicity	1,998	1,583	3,048	28,405	1,996	3,707	1,978	543	-	43,258	3,196	10,783	57,237	-	57,237
Bank fees	558	-	-	129	-	-	-	-	-	687	8,729	3,428	12,844	-	12,844
Interest	-	-	-	-	-	-	-	-	-	-	8,182	24	8,206	-	8,206
Total operational	244,420	234,088	113,601	187,917	66,173	186,955	65,746	52,533	525,388	1,676,821	1,728,563	260,434	3,665,818	230,211	3,896,029
Total expenses	<u>\$ 2,570,357</u>	<u>\$ 1,999,789</u>	<u>\$ 1,388,542</u>	<u>\$ 1,579,447</u>	<u>\$ 1,298,563</u>	<u>\$ 1,990,964</u>	<u>\$ 966,226</u>	<u>\$ 901,098</u>	<u>\$ 547,970</u>	<u>\$ 13,242,956</u>	<u>\$ 3,434,768</u>	<u>\$ 1,229,508</u>	<u>\$ 17,907,232</u>	<u>\$ 270,215</u>	<u>\$ 18,177,447</u>

## JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements  
September 30, 2022 and 2021

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### 1. OPERATIONS AND NONPROFIT STATUS

Jewish Vocational Service, Inc. (JVS) is a Massachusetts nonprofit organization and a beneficiary agency of the Combined Jewish Philanthropies of Greater Boston, Inc. (CJP). Established in 1938, JVS provides extensive educational, skills training, financial coaching, career counseling, and job placement services to refugees and immigrants, individuals with disabilities, entry-level workers, low-income individuals, and professional job seekers. JVS also operates a one-stop career center, "JVS CareerSolution," which was rebranded as "MassHire Downtown Boston Career Center" in September 2019. These services are provided throughout the greater Boston area. JVS's support and revenue are derived principally from contracts with Federal, state and local government agencies, contributions from foundations and private donors, and contributions from CJP.

JVS has a "Pay for Success" program. The Massachusetts Adult Basic Education Initiative, a project of JVS in partnership with Social Finance (a not-for-profit organization), is designed to serve nearly 2,500 adult learners from Greater Boston, where large concentrations of immigrants and long waitlists for English language instruction are significant barriers to employment. The program combines vocational training, contextualized English for Speakers of Other Languages instruction, college readiness, and employment assistance. Potential measurable outcomes include increased earnings, improved employment and post-secondary enrollment. In fiscal year 2020, JVS partnered with the Department of Elementary and Secondary Education and launched a "Pay for Performance" program as a successor to the existing program "Pay for Success."

JVS operates the following programs:

**Career Center Services** - Career Center Services provides high quality, customized employment and career services to job seekers, career changers, and employers. Services include workshops and seminars, 1:1 job search and career coaching, and screening for education and training programs. Additionally, JVS provides credentialed career counseling services that are expert, affordable and linked with a major workforce development organization. Career Center Services partners with area businesses to provide a convenient one-stop source for skilled workers and training options for incumbent workers.

**Career Pathway Programs** - Career Pathway programs help participants develop and pursue career plans including skills training, education, and employment while navigating public benefit systems such as housing and Supplemental Nutrition Assistance Program. Programs provide individuals training to become a Certified Nursing Assistant, Nationally Certified Pharmacy Technician and other various vocational training programs in short-term, high-intensity programs. Designed with employer feedback, these programs focus on getting participants certified and into a career ladder job.

**English for Advancement** - English for Advancement classes provide contextualized English language instruction in Boston neighborhoods and gateway cities such as Lynn, Lawrence and Lowell. The program prepares students to enter employment or obtain a better job. Students work with a JVS Career Coach.

**Business Services** - Business Services offers career development services to help retain and promote current employees. Services include workplace English classes, customer service training, effective communication, and supervisory training, as well as pipeline training programs. These services are customizable and are delivered at the employer site.

## JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements  
September 30, 2022 and 2021

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### 1. OPERATIONS AND NONPROFIT STATUS (Continued)

**Education** - The Adult Diploma Program (ADP) provides adult students education advancement opportunities. ADP students work to receive a Boston Public School diploma. The English for Speakers of Other Languages (ESOL) program teaches English to non-native speakers and is located in the Hyde Park neighborhood of Boston. The programs include skills training, such as career planning and navigating financial aid.

**Refugee Employment** - The Refugee Employment Department provides comprehensive employment services for job seekers that have recently arrived in the United States. The approach combines English classes and individualized job search, and preparation with a JVS Career Coach.

**Bridges to College** - Bridges to College provides adult students education advancement opportunities. Bridges to College students prepare for entrance to college. The program includes skills training, such as career planning and navigating financial aid.

**Disability Services** - Transitions to Work, an employer-based program for young adults, prepares participants to work through hands-on training and classroom instruction. The Connections Program works 1:1 with Jewish adults to pursue vocational and educational goals, connecting participants to employment, education, volunteer and/or placement supports. Clients are also referred for job placement services through the Massachusetts Rehabilitation Commission.

**Special Initiatives** - The Special Initiatives include the scholarship program and an agency wide curriculum development project.

**Client Services** - The Client Services department is responsible for marketing and outreach for all JVS programming and a centralized intake process that matches JVS clients to the service and program that is best for them.

Boston Center for Adult Education, Inc. (BCAE) is a Massachusetts not-for-profit corporation, that holds a building in which classes and training programs are offered to clients.

JVS and BCAE (collectively, the Agency) are exempt from Federal income taxes as organizations (not private foundations) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Agency is also exempt from state income taxes. Donors may deduct contributions made to the Agency as allowed under the IRC and Treasury regulations promulgated thereunder.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The Agency prepares its combining financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

#### Accounting Principle Adoption

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 is intended to increase the transparency of contributed nonfinancial assets (in-kind goods and services) for not-for-profit entities through enhancements to presentation and disclosure. The amendments in this ASU do not change the recognition and measurement requirements of in-kind goods and services.

## **JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE**

Notes to Combining Financial Statements  
September 30, 2022 and 2021

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### **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Accounting Principle Adoption (Continued)**

During fiscal year 2022, the Agency adopted ASU 2020-07. The adoption of this ASU did not impact the Agency's net asset classes, changes in net assets, or cash flows as of and for the year ended September 30, 2022. This ASU has been applied retrospectively to all periods presented.

#### **Principles of Combination**

The combining financial statements include the accounts of JVS and BCAE. JVS and BCAE have common Board of Director membership and JVS is the sole corporate member of BCAE. There were no significant transactions between classes of net assets or intercompany balances and transactions to be eliminated in the accompanying combining financial statements.

#### **Cash and Cash Equivalents**

Cash and cash equivalents include cash balances maintained in checking and money market accounts. For purpose of the combining statements of cash flows, the Agency considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

#### **Cash - Restricted**

Cash - restricted consists of funds that have been set aside to fund small business loans to qualifying individuals. The balance of these funds as of September 30, 2022 and 2021, was \$58,454 and \$58,346, respectively.

#### **Federal and State Contract Receivables**

Federal and state contract receivables include grant and contract receivables that are recorded at unpaid balances.

#### **Contracted Services and Program Revenue Receivables and Allowance for Uncollectible Accounts**

Contracted services and program revenue receivables are reported at the amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing program and contracted services. The Agency uses the allowance method for recognizing potential uncollectible amounts relating to pledges and Federal, state and other program receivables. The Agency writes off uncollectible grant and contract receivables upon determining they will not be collected.

#### **Pledges Receivable**

Pledges receivable at September 30, 2022 and 2021, consist of contributions committed to certain programs (see Note 4). Pledges are recorded at their net present value when unconditionally committed.

## JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements  
September 30, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Investments

Investments include the Agency's share of CJP's investments in the Jewish Community Endowment Pool (JCEP), a limited partnership under the managerial control of CJP. The overall financial objective is to meet short-term and long-term obligations and needs of the Agency by earning an adequate return on assets with moderate volatility in year-to-year contribution levels. The value of these investments is \$1,897,910 and \$2,136,949 as of September 30, 2022 and 2021, respectively. Investment return consists of interest, dividends, and realized and unrealized gains and losses on investments, net of investment management fees (see Note 3). Interest and dividend income is recorded as earned. Realized gains and losses on investment transactions are recognized as changes in net assets in the period in which they occur.

Investments also include those that are managed by investment managers, which have a value of \$2,742,553 and \$3,297,327 as of September 30, 2022 and 2021, respectively. Investment income includes interest, dividends, and net realized and unrealized gains and losses on investments (see Note 3). Interest income is recorded as earned and dividend income is recorded on the ex-dividend date. Realized gains and losses on investment transactions are recorded using the first-in, first-out (FIFO) method. In August 2021, BCAE transferred ownership of its investments totaling \$3,297,327 to JVS, which is reflected as an asset transfer in the accompanying combining statement of changes in net assets for the year ended September 30, 2021.

#### Property and Equipment

The cost of property, equipment and improvements with a value of greater than \$5,000 is capitalized. Donated assets are recorded at fair value on the date of donation. Costs for maintenance and repairs are expensed as they are incurred. Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

Furniture and equipment	7 - 10 years
Leasehold improvements	Life of lease
Computers and equipment	3 - 5 years
Building and improvements	30 years

Land is not depreciated.

#### Net Asset Classifications

##### *Net Assets Without Donor Restrictions*

Net assets without donor restrictions represent those net resources that bear no external restrictions and are generally available for use by the Agency. The Agency has grouped its net assets without donor restrictions into the following categories:

- **Operating net assets** represent funds available to carry on the operations of the Agency.
- **Board designated net assets** are those net resources that bear no external restrictions and are generally available for use by the Agency with the Board's approval.
- **Property and equipment net assets** represent funds used in activities relating to the Agency's property and equipment, net of related debt, if any.



## JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements  
September 30, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Asset Classifications (Continued)

##### *Net Assets With Donor Restrictions*

The Agency receives contributions and grants which are designated by donors for specific purposes. These contributions are recorded as net assets with donor restrictions until they are expended for their designated purposes.

Net assets with donor restrictions consist of the following at September 30:

	<u>2022</u>	<u>2021</u>
Purpose restricted:		
Various programs	\$ 5,430,696	\$ 5,112,415
Scholarships	59,616	56,524
Time restricted	1,236,773	1,119,627
Scholarship funds (see Note 8)	592,798	685,028
Capital	323,698	550,040
Net assets held in perpetuity	128,707	128,707
Appreciation and unspent earnings on endowment	<u>41,340</u>	<u>46,070</u>
	<u>\$ 7,813,628</u>	<u>\$ 7,698,411</u>

The Agency has assets which are maintained in perpetuity that allow the Agency to use or expend the economic benefits derived from the donated funds in order to support operating needs or other donor stated requirements.

#### Deferred Revenue

Revenues received in advance of services provided are recorded as deferred revenue in the accompanying combining statements of financial position. Deferred revenue that will be earned in the next fiscal year is classified as short-term. All other deferred revenue is classified as long-term.

#### In-Kind Contributions

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support and revenue unless explicit donor stipulations specify how the donated assets must be used. The Agency receives donated services from various individuals or organizations. The Agency recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. These services are reflected as in-kind contributions in the accompanying combining financial statements. These services were comprised of the following for the years ended September 30:

	<u>2022</u>	<u>2021</u>
Legal	\$ 4,899	\$ 47,277
Event coordination	<u>-</u>	<u>5,000</u>
	<u>\$ 4,899</u>	<u>\$ 52,277</u>

## JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements  
September 30, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Advertising Costs

The Agency expenses advertising costs as they are incurred. Advertising expense was \$47,372 and \$57,237 for the years ended September 30, 2022 and 2021, respectively, and is shown as advertising and publicity in the accompanying combining statements of functional expenses.

#### Expense Allocation

Expenses related directly to a program are distributed to that function, while other expenses are distributed based on management's estimate of the percentage attributable to each function.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are personnel, which is allocated on the basis of estimates of time and effort; occupancy, which is allocated on a square footage basis; and supplies, meetings and staff development, insurance, equipment, communication, client costs, and professional fees, which are allocated based on usage studies conducted annually.

#### Revenue Recognition

##### *Grants and Contributions and Federal and State Contracts*

In accordance with ASC Subtopic 958-605, *Revenue Recognition - Contributions*, the Agency must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Agency should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Grants and contributions without donor restrictions are recorded when unconditionally pledged or received. The Agency reports gifts of cash and other assets as grants and contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combining statements of activities as net assets released from restrictions.

Federal and state contracts are recorded in accordance with Topic 958 when services are provided and costs are incurred. Grants and contributions without donor restrictions and allocations from CJP are also recorded under Topic 958 as revenue when received or unconditionally committed.

##### *Contracted Services and Program Revenue*

The Agency generally measures revenue for qualifying exchange transactions based on the amount of consideration the Agency expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the Agency satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance.

## JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements  
September 30, 2022 and 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition (Continued)

##### *Contracted Services and Program Revenue (Continued)*

The Agency evaluates its contract service revenue based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

Contracted services and program revenue are recognized by the Agency under Topic 606 for services provided for consulting services. This service is considered a single performance obligation as this service is distinct. The performance obligations under this agreement are satisfied evenly over the year as the third party receives the benefits provided as the Agency performs these services. Compensation is generally fixed under the relevant agreement. The services are only recognized as revenue when collection is assured.

##### *Other Revenue*

All other revenue is recognized when earned.

#### Combining Statements of Activities

Transactions deemed by management to be ongoing, major, or central to the provision of education, skill training, career coaching, and placement services are reported as operating revenue and support and operating expenses in the accompanying combining statements of activities. Peripheral or incidental transactions are reported as non-operating revenues (expenses). Non-operating revenues (expenses) consist of capital grants, investment activity and note payable forgiveness.

#### Income Taxes

The Agency accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the combining financial statements regarding a tax position taken or expected to be taken in a tax return. The Agency has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the combining financial statements at September 30, 2022 and 2021. The Agency's information returns are subject to examination by the Federal and state jurisdictions.

#### Estimates

The preparation of combining financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combining financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Fair Value Measurements

The Agency follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Agency would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fair Value Measurements (Continued)**

The Agency uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Agency. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable, and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

*Investments*

Investments are recorded in the combining financial statements at fair value. If an investment is directly held by the Agency and an active market with quoted prices exists, the market price of an identical security is used to report fair value. The Agency's interests in the investments with CJP are reported at the net asset value (NAV) reported by the fund, which is used as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of September 30, 2022 and 2021, the Agency had no plans to sell investments at amounts different from NAV. A summary of inputs used in valuing the Agency's investments as of September 30, 2022 and 2021, is included in Note 3.

*All Other Assets and Liabilities*

The carrying value of all other assets and liabilities does not differ materially from its estimated fair value and is considered Level 1 in the fair value hierarchy.

**Subsequent Events**

Subsequent events have been evaluated through February 15, 2023, which is the date the combining financial statements were available to be issued. There were no events that met the criteria for disclosure in the accompanying combining financial statements.

**JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE**

Notes to Combining Financial Statements  
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**3. INVESTMENTS**

Fair value measurement was determined using the following inputs at September 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity	\$ 1,535,389	\$ -	\$ -	\$ 1,535,389
Fixed income	1,100,382	-	-	1,100,382
Money market funds	<u>106,782</u>	<u>-</u>	<u>-</u>	<u>106,782</u>
	<u>\$ 2,742,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,742,553</u>
Investments with CJP*				<u>1,897,910</u>
				<u>\$ 4,640,463</u>

Fair value measurement was determined using the following inputs at September 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity	\$ 2,062,509	\$ -	\$ -	\$ 2,062,509
Fixed income	1,189,867	-	-	1,189,867
Money market funds	<u>44,951</u>	<u>-</u>	<u>-</u>	<u>44,951</u>
	<u>\$ 3,297,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,297,327</u>
Investments with CJP*				<u>2,136,949</u>
				<u>\$ 5,434,276</u>

\* In accordance with Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying combining statements of financial position (see Note 2).

The investment with CJP consists of the following categories of investments as of September 30:

	<u>2022</u>	<u>2021</u>
Fixed income	14.9%	10.4%
Domestic equity	2.6	2.6
Money market funds	<u>2.2</u>	<u>7.3</u>
	<u>19.7</u>	<u>20.3</u>
Alternative investments:		
Absolute return	38.2	34.3
International equity	16.7	19.6
Private equity/venture capital	9.1	8.0
Domestic equity	5.7	7.7
Real assets	5.5	2.1
Credit related	<u>4.0</u>	<u>8.0</u>
Total alternative investments	<u>79.2</u>	<u>79.7</u>
Cash held for investment	<u>1.1</u>	<u>-</u>
Total	<u>100.0%</u>	<u>100.0%</u>

**JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE**

Notes to Combining Financial Statements  
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**3. INVESTMENTS (Continued)**

The Agency can withdraw, as of December 31 of any calendar year, or any such date considered appropriate by CJP, all or a percentage of its assets held by CJP by giving at least 92 days advance written notice, subject to the right of CJP to accept shorter notice. In certain cases, CJP reserves the right to hold back a small portion of a withdrawal amount until underlying investments can be definitely valued or liquidated. Investments are not insured and are subject to ongoing market fluctuations.

**Investment Return**

The following schedule summarizes the investment return for the years ended September 30:

	<u>2022</u>	<u>2021</u>
Net realized gains	\$ 356,333	\$ 138,182
Interest and dividends	27,686	57,322
Investment fees	(66,918)	(23,857)
Net unrealized gains (losses)	<u>(1,083,982)</u>	<u>608,727</u>
Investment return (loss), net	<u>\$ (766,881)</u>	<u>\$ 780,374</u>

**4. PLEDGES RECEIVABLE**

Pledges receivable include unconditional promises to give which are expected to be collected over the next two years.

Pledges receivable are due as follows at September 30:

	<u>2022</u>	<u>2021</u>
Due in one year	\$ 936,000	\$ 963,305
Due in two years	<u>35,000</u>	<u>575,000</u>
	971,000	1,538,305
Less - present value discount at 0.08	460	460
Less - current portion	<u>936,000</u>	<u>963,305</u>
Long-term pledges receivable	<u>\$ 34,540</u>	<u>\$ 574,540</u>

**5. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at September 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 4,080,890	\$ 4,080,890
Building and improvements	2,010,110	2,010,110
Leasehold improvements	380,197	333,807
Furniture and equipment	1,473,589	1,473,589
Computers and equipment	<u>2,268,935</u>	<u>1,684,963</u>
	10,213,721	9,583,359
Less - accumulated depreciation	<u>2,983,413</u>	<u>2,298,278</u>
Property and equipment, net	<u>\$ 7,230,308</u>	<u>\$ 7,285,081</u>

## JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements  
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### 6. NOTES PAYABLE TO A BANK

The Agency has a line of credit agreement with a bank which allows for maximum borrowings of up to \$1,250,000. Interest is payable monthly on the outstanding balance at the bank's prime lending rate (6.25% and 3.25% at September 30, 2022 and 2021, respectively). The note is secured by all business assets of the Agency. There were no outstanding balances at September 30, 2022 and 2021. This agreement is renewable annually in January. The line of credit agreement contains various covenants with which the Agency must comply. The Agency was in compliance with the covenants as of and for the years ended September 30, 2022 and 2021.

During fiscal year 2020, the Agency applied for, and was awarded, a forgivable loan of \$1,956,909 from the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) through a bank. The funds were used to pay certain payroll costs, including benefits as well as rent and utilities during the covered period as defined in the CARES Act. This loan was forgiven in full in May 2021, and is recognized as non-operating revenues, which is reflected as note payable forgiveness in the accompanying combining statement of activities for the year ended September 30, 2021.

### 7. LEASE AGREEMENTS

The Agency has an agreement to lease office space which commenced in April 2015. The lease term is for ten years and four months and contains an option to extend the lease for two additional five-year terms, neither of which have been exercised. The lease requires base monthly payments of \$114,114 in the first year with annual increases as outlined in the lease agreement. The lease includes a tenant improvement allowance to be paid by the landlord totaling \$3,118,905. The lease specifies that the Agency will apply the unspent portion of the allowance to offset payments of the base rent until the balance is fully absorbed. Total improvement allowance in excess of actual costs incurred totaled \$636,164 (including reimbursements of \$239,435 from an unrelated workforce development organization) which will be applied as pre-payment of rent.

The Agency is recognizing rent expense for this lease on a straight-line basis over the term of the lease in accordance with ASC Topic, *Leases*. Deferred rent as of September 30, 2022 and 2021, was \$599,402 and \$810,624, respectively. The Agency is also required to maintain certain insurance coverage and pay for its proportionate share of the increase of real estate taxes and operating expenses over the base year as outlined in the agreement. Rent expense under this lease for the years ended September 30, 2022 and 2021, totaled \$1,673,846, and is included in occupancy in the accompanying combining statements of functional expenses.

The lease required the prepayment of a security deposit of \$135,000, which is included in deposits in the accompanying combining statements of financial position as of September 30, 2022 and 2021.

The Agency leases office equipment under an operating lease which expires in October 2026 and has monthly payments of approximately \$6,600.

Future minimum lease payments under the leases are as follows:

	<u>Facility</u>	<u>Equipment</u>
2023	\$ 1,943,640	\$ 79,017
2024	1,943,640	79,017
2025	323,940	79,017
2026	-	6,585
Total	<u>\$ 4,211,220</u>	<u>\$ 243,636</u>

## JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements  
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### 7. LEASE AGREEMENTS (Continued)

#### Use of Space Agreement

The aforementioned facility lease that commenced during fiscal year 2015 contains a provision for the Agency to sublet up to twenty-five percent of the space to an unrelated workforce development organization.

The Agency fulfilled this requirement by entering into a memorandum of understanding with a private corporation (the Corporation) which specifies a portion of the leased space will be available to establish education and training systems that prepare youth, dislocated workers and other skilled adults for worthwhile and sustainable employment. This agreement commenced in 2016 and was set to expire in January 2021, at which time the Corporation exercised the five-year option and extended the agreement through January 2026. In exchange, the Corporation agreed to work with the Agency to provide training and employment opportunities for the Agency's clients. The Corporation will share in the operating costs of the facilities. The Corporation made a donation to the Agency totaling \$50,000 during fiscal years 2022 and 2021. Over the next five years, the Corporation is expected to make donations of \$50,000 annually.

### 8. ENDOWMENT

Changes in endowment funds by net asset class are as follows:

	<u>2022</u>	<u>2021</u>
Endowment funds, at beginning of year	\$ 859,805	\$ 753,330
Realized gains	21,096	79,238
Interest and dividends	4,019	4,125
Investment fees	(5,503)	(5,438)
Investment return designated for scholarships	(29,932)	(26,839)
Unrealized gains (losses)	<u>(86,640)</u>	<u>55,389</u>
Endowment funds, at end of year	<u>\$ 762,845</u>	<u>\$ 859,805</u>

Included in the endowment funds as of September 30, 2022 and 2021, are \$592,798 and \$685,028, respectively, of scholarship funds received by three donors (see Note 2). These funds were established without any permanent restriction on the use of original principal, but with limitations as to the amount of annual expenditure. The donor allows appropriations in accordance with the Agency's spending policy appropriation.

#### Spending Policy

Massachusetts adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Subject to the intent of a donor, the Agency may appropriate for expenditure or accumulate so much of an endowment fund as the Agency determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. The assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the Agency's Board of Directors.

Annually, the Agency receives from CJP the amount it should allocate for scholarships to be spent in the following fiscal year. During fiscal years 2022, and 2021, JVS appropriated \$29,932 and \$26,839, respectively, to be used for scholarships.



## **JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE**

Notes to Combining Financial Statements  
September 30, 2022 and 2021

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### **9. CONTINGENCIES**

#### **Government**

The Agency receives significant assistance from numerous government agencies in the form of contracts and grants. Expenditures of these funds require compliance with the agreements and are subject to audit. Any disallowed expenditures resulting from such audits become a liability of the Agency. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the Agency as of September 30, 2022 and 2021.

#### **Lawsuits**

The Agency, from time-to-time, is the defendant in lawsuits. It is management's experience that the Agency will prevail in these lawsuits. Accordingly, no amounts have been reflected in the accompanying combining financial statements for any potential liability resulting from these lawsuits.

### **10. PENSION PLANS**

The Agency has a nonqualified deferred compensation arrangement with certain senior management employees. This plan provides for discretionary contributions of up to \$7,500 per year or a percentage of salary each year per participant as defined. Annual contributions vest over a three-year period. The amounts committed for the years ended September 30, 2022 and 2021, totaled \$45,900 and \$37,307, respectively. Plan assets and liabilities totaled \$565,196 and \$640,815 as of September 30, 2022 and 2021, respectively, and are shown as investments - restricted and deferred compensation in the accompanying combining statements of financial position. The plan assets are invested in domestic equities and are valued using Level 1 inputs (see Note 2).

In addition, the Agency has a 403(b) plan available to all of the Agency's employees, which includes a discretionary employer contribution. A 1% employer contribution has been paid in fiscal years 2022 and 2021 totaling \$112,989 and \$67,313, respectively, and is included in payroll taxes and fringe benefits in the accompanying combining statements of functional expenses.

### **11. TRANSACTIONS WITH CJP**

The Agency is a beneficiary agency of CJP. The Agency records the amount of the approved allocations from CJP as revenue and a receivable in the accompanying combining financial statements. As of September 30, 2022 and 2021, CJP owed the Agency \$1,236,773 and \$1,119,627, respectively, which is reflected as allocations receivable from CJP in the accompanying combining statements of financial position.

During 2005, CJP agreed to loan JVS the funds needed to fund certain retirement plan obligations totaling approximately \$580,000. The loan is unsecured and is to be repaid in equal installments over twenty years (December 31, 2026 maturity date) with no interest. JVS originally reported this loan at \$319,992, its net present value at the date of commencement.

As of September 30, 2022 and 2021, the loan has a face value of \$106,607 and \$133,259, respectively, and an imputed interest rate of 6% (discounted by \$15,376 and \$22,418, respectively).

## JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements  
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### 11. TRANSACTIONS WITH CJP (Continued)

The balance of this loan is reported in the accompanying combining statements of financial position as follows as of September 30:

	<u>2022</u>	<u>2021</u>
Current portion of due to CJP	\$ 23,632	\$ 22,259
Due to CJP, net of current portion	<u>67,599</u>	<u>88,582</u>
	<u>\$ 91,231</u>	<u>\$ 110,841</u>

Future maturities over the remainder of the term of the loan are as follows:

2023	\$ 23,632
2024	25,089
2025	<u>42,510</u>
Total	<u>\$ 91,231</u>

Interest expense recorded on this loan for the years ended September 30, 2022 and 2021, was \$7,043 and \$8,182, respectively, and is included in interest in the accompanying combining statements of functional expenses.

### 12. RELATED PARTY TRANSACTIONS

During fiscal years 2022 and 2021, the Agency received donated legal services from members of the Board of Directors. The total value of these donated services was \$4,899 and \$47,277 for the years ended September 30, 2022 and 2021, respectively, and is included in professional fees in the accompanying combining statements of functional expenses.

### 13. CONCENTRATION OF CREDIT RISK

The Agency maintains its cash and cash equivalents balances in Massachusetts banks, which are insured within the limits of the Federal Deposit Insurance Corporation (FDIC). At certain times during the year, the cash and cash equivalents balances in the accounts at one financial institution exceeded the insured amount. The Agency has not experienced any losses in such accounts. The Agency's management believes the Agency is not exposed to any significant credit risk on cash and cash equivalents.

The Agency received approximately 21% and 14% of its total funding from two sources for the years ended September 30, 2022 and 2021, respectively. In addition, approximately 52% and 64% of the Agency's Federal and state contract receivables were due from three and two funding sources as of September 30, 2022 and 2021, respectively. Approximately 90% and 96% of the Agency's pledges receivable are from two and three donors as of September 30, 2022 and 2021, respectively.

**JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE**

Notes to Combining Financial Statements  
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**14. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Agency's financial assets available within one year from the combining statements of financial position date for general operating expenses are as follows at September 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 6,622,665	\$ 8,021,068
Allocations receivable from CJP	1,236,773	1,119,627
Federal and state contract receivables	2,242,669	1,957,448
Contracted services and program revenue receivables	1,241,002	352,089
Current portion of pledges receivable	<u>936,000</u>	<u>963,305</u>
Total financial assets	12,279,109	12,413,537
Less - purpose and capital restricted net assets	<u>(4,843,471)</u>	<u>(4,138,238)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,435,638</u>	<u>\$ 8,275,299</u>

The Agency receives a significant portion of its operating revenue and support from grants and contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Agency must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. In the event of an unanticipated liquidity need, the Agency also could draw upon the \$1,250,000 of its line of credit (see Note 7). The Agency also has approximately \$4,640,463 and \$5,434,000 of additional long-term investments as of September 30, 2022 and 2021, respectively, that could be utilized to meet immediate liquidity needs with prior approval of the Board of Directors.

**15. CONDITIONAL GRANTS AND COMMITMENTS**

As of September 30, 2022 and 2021, the Agency has received multiple commitments with various government and local agencies through fiscal year 2023. These commitments are considered conditional under ASC Topic 958, as the Agency must incur qualified costs to meet performance requirements prior to recognizing revenue.

Total contracts committed but not recognized as of and for the years ended September 30, 2022 and 2021, summarized by agency, are as follows:

	<u>2022</u>	<u>2021</u>
Department of Education	\$ 6,333,124	\$ 4,608,712
Economic Development Industrial Corporations	2,528,698	1,820,246
Other grants	1,584,736	2,241,733
Office of Refugees and Immigrants	1,263,550	787,550
Department of Transitional Assistance	459,946	539,780
Massachusetts Rehabilitation Commission	203,936	181,399
Department of Developmental Services	<u>147,533</u>	<u>120,000</u>
Total	<u>\$ 12,521,523</u>	<u>\$ 10,299,420</u>

**16. RECLASSIFICATION**

Certain amounts in the fiscal year 2021 combining financial statements have been reclassified to conform with the fiscal year 2022 presentation.