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JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

**COMBINING FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Contents
September 30, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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.

Emphasis of Matter - Adoption of New Accounting Standard

As discussed in Note 2 to the combining financial statements, effective October 1, 2022, the Agency adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, using the optional transition method which does not require prior periods to be recast. Our opinion is not modified with respect to that matter.

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.

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
April 10, 2024

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Combining Statement of Financial Position
September 30, 2023

	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	
Assets							
Current Assets:							
Cash and cash equivalents	\$ 7,097,664	\$ 3,277,214	\$ 10,374,878	\$ 106,075	\$ -	\$ 106,075	\$ 10,480,953
Allocations receivable from CJP	-	10,000	10,000	-	-	-	10,000
Federal and state contract receivables	2,259,692	-	2,259,692	-	-	-	2,259,692
Contracted services and program revenue receivables	1,414,412	-	1,414,412	-	-	-	1,414,412
Current portion of pledges receivable	-	977,035	977,035	-	-	-	977,035
Prepaid expenses and other current assets	105,326	-	105,326	2,359	-	2,359	107,685
Total current assets	10,877,094	4,264,249	15,141,343	108,434	-	108,434	15,249,777
Investments	4,306,234	815,717	5,121,951	-	-	-	5,121,951
Investments - Restricted	724,984	-	724,984	-	-	-	724,984
Deposits	135,000	-	135,000	-	-	-	135,000
Right-of-Use Assets - operating	3,139,244	-	3,139,244	-	-	-	3,139,244
Right-of-Use Asset - finance	173,187	-	173,187	-	-	-	173,187
Property and Equipment, net	5,283,677	-	5,283,677	5,832,052	-	5,832,052	11,115,729
Total assets	<u>\$ 24,639,420</u>	<u>\$ 5,079,966</u>	<u>\$ 29,719,386</u>	<u>\$ 5,940,486</u>	<u>\$ -</u>	<u>\$ 5,940,486</u>	<u>\$ 35,659,872</u>
Liabilities and Net Assets							
Current Liabilities:							
Current portion of lease liabilities - operating	\$ 1,829,448	\$ -	\$ 1,829,448	\$ -	\$ -	\$ -	\$ 1,829,448
Current portion of lease liability - finance	71,515	-	71,515	-	-	-	71,515
Accounts payable	1,090,997	-	1,090,997	-	-	-	1,090,997
Accrued expenses and other	963,962	-	963,962	-	-	-	963,962
Current portion of due to CJP	25,089	-	25,089	-	-	-	25,089
Current portion of deferred revenue	292,105	-	292,105	116,503	-	116,503	408,608
Other liabilities	45,293	-	45,293	-	-	-	45,293
Total current liabilities	4,318,409	-	4,318,409	116,503	-	116,503	4,434,912
Long-term Liabilities:							
Due to CJP, net of current portion	45,322	-	45,322	-	-	-	45,322
Deferred revenue, net of current portion	1,651,937	-	1,651,937	-	-	-	1,651,937
Lease liabilities - operating, net of current portion	1,747,466	-	1,747,466	-	-	-	1,747,466
Lease liability - finance, net of current portion	100,220	-	100,220	-	-	-	100,220
Deferred compensation	724,984	-	724,984	-	-	-	724,984
Total liabilities	8,588,338	-	8,588,338	116,503	-	116,503	8,704,841
Net Assets:							
Without donor restrictions:							
Operating	8,479,088	-	8,479,088	(8,069)	-	(8,069)	8,471,019
Board designated	2,724,535	-	2,724,535	-	-	-	2,724,535
Property and equipment	4,847,459	-	4,847,459	5,832,052	-	5,832,052	10,679,511
Total without donor restrictions	16,051,082	-	16,051,082	5,823,983	-	5,823,983	21,875,065
With donor restrictions	-	5,079,966	5,079,966	-	-	-	5,079,966
Total net assets	16,051,082	5,079,966	21,131,048	5,823,983	-	5,823,983	26,955,031
Total liabilities and net assets	<u>\$ 24,639,420</u>	<u>\$ 5,079,966</u>	<u>\$ 29,719,386</u>	<u>\$ 5,940,486</u>	<u>\$ -</u>	<u>\$ 5,940,486</u>	<u>\$ 35,659,872</u>

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

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
Assets							
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	<u>\$ 11,333,332</u>	<u>\$ 7,813,628</u>	<u>\$ 19,146,960</u>	<u>\$ 6,015,798</u>	<u>\$ -</u>	<u>\$ 6,015,798</u>	<u>\$ 25,162,758</u>
Liabilities and Net Assets							
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	<u>\$ 11,333,332</u>	<u>\$ 7,813,628</u>	<u>\$ 19,146,960</u>	<u>\$ 6,015,798</u>	<u>\$ -</u>	<u>\$ 6,015,798</u>	<u>\$ 25,162,758</u>

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, 2023

	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	
Operating Revenue and Support:							
Federal and state contracts	\$ 12,537,056	\$ -	\$ 12,537,056	\$ -	\$ -	\$ -	\$ 12,537,056
Grants and contributions	8,663,347	2,606,437	11,269,784	-	-	-	11,269,784
Contracted services and program revenue	3,090,774	-	3,090,774	-	-	-	3,090,774
Other revenue	100,737	-	100,737	27,324	-	27,324	128,061
Investment return designated for scholarships	-	31,055	31,055	-	-	-	31,055
Allocations from CJP	-	10,000	10,000	-	-	-	10,000
Net assets released from time restrictions	2,090,741	(2,090,741)	-	-	-	-	-
Net assets released from purpose restrictions	3,019,588	(3,019,588)	-	-	-	-	-
Total operating revenue and support	29,502,243	(2,462,837)	27,039,406	27,324	-	27,324	27,066,730
Operating Expenses:							
Program services	19,179,819	-	19,179,819	-	-	-	19,179,819
Administration	4,970,731	-	4,970,731	75,492	-	75,492	5,046,223
Development	1,597,817	-	1,597,817	-	-	-	1,597,817
Total operating expenses	25,748,367	-	25,748,367	75,492	-	75,492	25,823,859
Changes in net assets from operations	3,753,876	(2,462,837)	1,291,039	(48,168)	-	(48,168)	1,242,871
Non-Operating Revenues (Expenses):							
Capital grants	1,954,304	-	1,954,304	-	-	-	1,954,304
Federal and state contracts - capital	1,136,445	-	1,136,445	-	-	-	1,136,445
Investment return net	428,615	83,928	512,543	-	-	-	512,543
Net assets released from capital restrictions	323,698	(323,698)	-	-	-	-	-
Investment return designated for scholarships	-	(31,055)	(31,055)	-	-	-	(31,055)
Total non-operating revenues (expenses)	3,843,062	(270,825)	3,572,237	-	-	-	3,572,237
Changes in net assets	\$ 7,596,938	\$ (2,733,662)	\$ 4,863,276	\$ (48,168)	\$ -	\$ (48,168)	\$ 4,815,108

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	
Operating Revenue and Support:							
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
Other revenue	21,975	-	21,975	20,088	-	20,088	42,063
Investment return designated for scholarships	-	29,932	29,932	-	-	-	29,932
Allocations from CJP	-	1,012,100	1,012,100	-	-	-	1,012,100
Net assets released from time restrictions	1,893,258	(1,893,258)	-	-	-	-	-
Net assets released from purpose restrictions	1,592,920	(1,592,920)	-	-	-	-	-
In-kind contributions	4,899	-	4,899	-	-	-	4,899
Total operating revenue and support	19,578,826	438,519	20,017,345	20,088	-	20,088	20,037,433
Operating Expenses:							
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)
Non-Operating Revenues (Expenses):							
Capital grants	-	323,698	323,698	-	-	-	323,698
Investment return, net	(699,853)	(67,028)	(766,881)	-	-	-	(766,881)
Net assets released from capital restrictions	550,040	(550,040)	-	-	-	-	-
Investment return designated for scholarships	-	(29,932)	(29,932)	-	-	-	(29,932)
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 Statements of Changes in Net Assets
For the Years Ended September 30, 2023 and 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	
Net Assets , 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	(1,659,340)	115,217	(1,544,123)	(58,360)	-	(58,360)	(1,602,483)
Net Assets , September 30, 2022	8,454,144	7,813,628	16,267,772	5,872,151	-	5,872,151	22,139,923
Changes in net assets	7,596,938	(2,733,662)	4,863,276	(48,168)	-	(48,168)	4,815,108
Net Assets , September 30, 2023	<u>\$ 16,051,082</u>	<u>\$ 5,079,966</u>	<u>\$ 21,131,048</u>	<u>\$ 5,823,983</u>	<u>\$ -</u>	<u>\$ 5,823,983</u>	<u>\$ 26,955,031</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, 2023 and 2022

	2023			2022		
	Jewish Vocational Service, Inc.	Boston Center for Adult Education, Inc.	Combined Total	Jewish Vocational Service, Inc.	Boston Center for Adult Education, Inc.	Combined Total
Cash Flows from Operating Activities:						
Changes in net assets	\$ 4,863,276	\$ (48,168)	\$ 4,815,108	\$ (1,544,123)	\$ (58,360)	\$ (1,602,483)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:						
Depreciation	743,337	69,876	813,213	615,257	69,878	685,135
Bad debt	-	-	-	48,226	-	48,226
Capital grants	(1,954,304)	-	(1,954,304)	(323,698)	-	(323,698)
Federal and state contracts - capital	(1,136,445)	-	(1,136,445)	-	-	-
Investment (return) loss, net	(512,543)	-	(512,543)	766,881	-	766,881
Non-cash operating lease expense	437,670	-	437,670	-	-	-
Non-cash finance lease expense	62,044	-	62,044	-	-	-
Changes in operating assets and liabilities:						
Allocations receivable from CJP	1,226,773	-	1,226,773	(117,146)	-	(117,146)
Federal and state contract receivables	(17,023)	-	(17,023)	(333,447)	-	(333,447)
Contracted services and program revenue receivables	(173,410)	-	(173,410)	(888,913)	-	(888,913)
Pledges receivable	(6,495)	-	(6,495)	567,305	-	567,305
Prepaid expenses and other current assets	112,462	(2,359)	110,103	13,500	-	13,500
Accounts payable	206,372	(2,851)	203,521	342,144	(6,206)	335,938
Accrued expenses and other	183,403	-	183,403	150,849	(20,088)	130,761
Deferred revenue	1,746,645	(24,293)	1,722,352	(285,458)	-	(285,458)
Deferred rent	(599,402)	-	(599,402)	(211,222)	-	(211,222)
Other liabilities	2,653	-	2,653	2,153	-	2,153
Net cash provided by (used in) operating activities	5,185,013	(7,795)	5,177,218	(1,197,692)	(14,776)	(1,212,468)
Cash Flows from Investing Activities:						
Decrease in deposits	-	1,900	1,900	-	-	-
Acquisition of property and equipment	(4,416,770)	-	(4,416,770)	(516,847)	-	(516,847)
Principal payments on finance lease liability	(63,498)	-	(63,498)	-	-	-
Proceeds from sale of investments	31,055	-	31,055	26,932	-	26,932
Net cash provided by (used in) investing activities	(4,449,213)	1,900	(4,447,313)	(489,915)	-	(489,915)
Cash Flows from Financing Activities:						
Capital grants	1,954,304	-	1,954,304	323,698	-	323,698
Federal and state contracts - capital	1,136,445	-	1,136,445	-	-	-
Due to CJP	(20,820)	-	(20,820)	(19,610)	-	(19,610)
Net cash provided by financing activities	3,069,929	-	3,069,929	304,088	-	304,088
Net Change in Cash, Cash Equivalents and Restricted Cash	3,805,729	(5,895)	3,799,834	(1,383,519)	(14,776)	(1,398,295)
Cash, Cash Equivalents and Restricted Cash:						
Beginning of year	6,569,149	111,970	6,681,119	7,952,668	126,746	8,079,414
End of year	\$ 10,374,878	\$ 106,075	\$ 10,480,953	\$ 6,569,149	\$ 111,970	\$ 6,681,119
Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Combining Statements of Financial Position:						
Cash and cash equivalents	\$ 10,374,878	\$ 106,075	\$ 10,480,953	\$ 6,510,695	\$ 111,970	\$ 6,622,665
Cash - restricted	-	-	-	58,454	-	58,454
Total cash, cash equivalents and restricted cash	\$ 10,374,878	\$ 106,075	\$ 10,480,953	\$ 6,569,149	\$ 111,970	\$ 6,681,119
Supplemental Disclosure of Cash Transactions:						
Cash paid for interest	\$ 5,862	\$ -	\$ 5,862	\$ 7,043	\$ -	\$ 7,043
Capital asset purchases financed through accounts payable	\$ 426,777	\$ -	\$ 426,777	\$ 144,915	\$ -	\$ 144,915

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, 2023
(With Summarized Comparative Totals for the Year Ended September 30, 2022)

	2023															2022	
	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	\$ 2,190,208	\$ 1,416,828	\$ 1,248,253	\$ 1,524,877	\$ 522,959	\$ 1,329,044	\$ 530,559	\$ 912,067	\$ 3,096	\$ 1,400,708	\$ 11,078,599	\$ 1,670,014	\$ 890,800	\$ 13,639,413	\$ -	\$ 13,639,413	\$ 11,300,214
Payroll taxes and fringe benefits	520,166	358,291	302,942	372,882	110,287	324,876	127,128	220,328	753	334,453	2,672,106	468,041	211,468	3,351,615	-	3,351,615	2,800,393
Total personnel	2,710,374	1,775,119	1,551,195	1,897,759	633,246	1,653,920	657,687	1,132,395	3,849	1,735,161	13,750,705	2,138,055	1,102,268	16,991,028	-	16,991,028	14,100,607
Occupancy	484,489	338,343	105,058	47,867	326,915	266,429	199,602	56,647	-	-	1,825,350	230,791	41,613	2,097,754	-	2,097,754	2,031,656
Operational:																	
Professional fees	44,989	203,649	4,757	525,478	13,194	4,128	7,315	8,778	144,000	73,671	1,029,959	1,648,404	70,212	2,748,575	5,286	2,753,861	2,269,559
Client costs	72,060	248,567	4,707	93,179	1,487	71,263	22,256	10,978	-	597,281	1,121,778	73,257	105	1,195,140	-	1,195,140	154,425
Depreciation	125,843	119,656	84,790	96,835	32,571	90,471	32,127	61,073	-	-	643,366	72,118	27,853	743,337	69,876	813,213	685,135
Equipment	28,413	14,894	10,554	12,118	4,946	11,410	4,000	7,603	-	522	94,460	449,323	21,413	565,196	-	565,196	451,255
Scholarships	-	-	-	-	-	-	-	-	421,669	-	421,669	-	-	421,669	-	421,669	343,411
Advertising and publicity	11,605	-	10	18,822	-	-	-	-	-	53,261	83,698	8,130	73,911	165,739	-	165,739	47,372
Miscellaneous	4,759	2,367	864	7,133	42	259	535	2,522	-	1,046	19,527	51,733	82,377	153,637	330	153,967	297,548
Meetings and staff development	12,955	2,256	1,664	8,823	380	13,500	315	5,305	-	2,047	47,245	82,116	23,461	152,822	-	152,822	221,190
Communication	803	3,228	3,024	4,379	268	-	615	-	-	1,520	13,837	131,236	-	145,073	-	145,073	125,679
Supplies	39,455	3,488	530	25,161	12,615	5,196	1,480	827	10	5,678	94,440	43,192	5,616	143,248	-	143,248	105,441
Events	-	-	-	-	-	-	-	-	-	-	-	-	143,001	143,001	-	143,001	188,851
Insurance	6,561	6,236	4,420	5,047	1,697	4,716	1,675	3,184	-	-	33,536	28,986	1,875	64,397	-	64,397	66,279
Bank fees	249	-	-	-	-	-	-	-	-	-	249	7,528	4,112	11,889	-	11,889	23,124
Interest	-	-	-	-	-	-	-	-	-	-	-	5,862	-	5,862	-	5,862	7,043
Bad debts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48,226
Total operational	347,692	604,341	115,320	796,975	67,200	200,943	70,318	100,270	565,679	735,026	3,603,764	2,601,885	453,936	6,659,585	75,492	6,735,077	5,034,538
Total expenses	\$ 3,542,555	\$ 2,717,803	\$ 1,771,573	\$ 2,742,601	\$ 1,027,361	\$ 2,121,292	\$ 927,607	\$ 1,289,312	\$ 569,528	\$ 2,470,187	\$ 19,179,819	\$ 4,970,731	\$ 1,597,817	\$ 25,748,367	\$ 75,492	\$ 25,823,859	\$ 21,166,801

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Combining Statement of Functional Expenses
For the Year Ended September 30, 2022

Jewish Vocational Service, Inc.																
	Program Services											Adminis- tration	Development	Total	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	Client Services	Total Program Services					
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
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
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
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
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
Client costs	17,861	76,404	-	26,223	289	22,296	-	911	-	-	143,984	10,441	-	154,425	-	154,425
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
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
Scholarships	-	-	-	-	-	-	-	-	343,411	-	343,411	-	-	343,411	-	343,411
Advertising and publicity	482	-	148	3,827	-	-	-	-	-	22,160	26,617	12,540	8,215	47,372	-	47,372
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
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
Communication	356	1,817	4,049	2,141	1,138	103	654	59	-	57	10,374	115,274	31	125,679	-	125,679
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
Events	-	-	-	-	-	-	-	-	-	-	-	-	188,851	188,851	-	188,851
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
Bank fees	532	-	-	-	-	-	-	3	-	-	535	12,659	9,930	23,124	-	23,124
Interest	-	-	-	-	-	-	-	-	-	-	-	7,043	-	7,043	-	7,043
Bad debts	-	-	-	-	-	-	-	-	-	-	-	48,226	-	48,226	-	48,226
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
Total expenses	<u>\$ 2,795,142</u>	<u>\$ 2,267,016</u>	<u>\$ 1,678,828</u>	<u>\$ 1,986,263</u>	<u>\$ 1,019,373</u>	<u>\$ 2,088,930</u>	<u>\$ 869,675</u>	<u>\$ 1,044,006</u>	<u>\$ 544,462</u>	<u>\$ 968,248</u>	<u>\$ 15,261,943</u>	<u>\$ 4,197,585</u>	<u>\$ 1,628,825</u>	<u>\$ 21,088,353</u>	<u>\$ 78,448</u>	<u>\$ 21,166,801</u>

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements
September 30, 2023 and 2022

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, 2023 and 2022

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 with 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 owns 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).

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.

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements
September 30, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncement

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes the guidance in Topic 840, *Leases*. Topic 842 amends both lessor and lessee accounting with the most significant change being the requirement for lessees to recognize right-of-use (ROU) assets and lease liabilities in the combining statement of financial position for operating leases. The Agency adopted Topic 842 effective October 1, 2022, using the optional transition method provided in ASU 2018-11, *Leases (Topic 842): Targeted Improvements*. Under this transition method, financial information related to years prior to adoption remains as originally reported under Topic 840. The Agency elected the package of practical expedients permitted under the transition guidance within the new standard, which allowed the Agency to carry forward the historical lease classification, as well as to skip reassessment of the treatment of initial direct costs and of whether a contract is or contains a lease. The Agency also elected to combine lease and non-lease components and to exclude short-term leases from the combining statement of financial position. The Agency did not elect the hindsight practical expedient in determining the lease terms for existing leases as of October 1, 2022.

The most significant impact of adoption was the recognition of operating lease assets and operating lease liabilities of \$4,679,781 and \$5,345,800, respectively, as of October 1, 2022. As part of this adoption, the Agency also modified its control procedures and processes, none of which materially affected the internal control over financial reporting.

The cumulative effect of the changes made to the combining statement of financial position for the adoption of the new lease standard as of October 1, 2022, was as follows:

<u>Combining Statement of Financial Position</u>	<u>As Previously Reported</u>	<u>Effect of Adoption</u>	<u>As Adjusted</u>
Right-of-use lease assets - operating	\$ -	\$ 4,679,781	\$ 4,679,781
Operating lease liabilities	\$ -	\$ 5,345,800	\$ 5,345,800
Deferred tenant improvement	\$ 66,617	\$ (66,617)	\$ -
Deferred rent	\$ 599,402	\$ (599,402)	\$ -

Cash and Cash Equivalents

Cash and cash equivalents include cash balances maintained in checking and money market accounts. For the 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. The combining statements of cash flows includes cash and restricted cash.

Cash - Restricted

Cash - restricted consisted of funds that have been set aside to fund small business loans to qualifying individuals. There was no cash - restricted as of September 30, 2023. The balance of these funds as of September 30, 2022, was \$58,454.

Federal and State Contract Receivables

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

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements
September 30, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023 and 2022, consist of contributions committed to certain programs (see Note 4). Pledges are recorded at their net present value when unconditionally committed.

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 \$2,127,610 and \$1,897,910 as of September 30, 2023 and 2022, 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 \$2,994,341 and \$2,742,553 as of September 30, 2023 and 2022, 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.

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.

The Agency's accounts for the carrying value of its long-lived assets in accordance with the requirements of ASC Topic, *Property, Plant and Equipment*. The carrying value is evaluated annually for impairment and no impairment loss was recognized for the years ended September 30, 2023 and 2022.

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements
September 30, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and right-of-use assets, net of related debt and lease liabilities, if any.

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>2023</u>	<u>2022</u>
Purpose restricted:		
Various programs	\$ 4,193,509	\$ 5,430,696
Scholarships	60,740	59,616
Scholarship funds (see Note 8)	641,526	592,798
Net assets held in perpetuity	128,707	128,707
Appreciation and unspent earnings on endowment	45,484	41,340
Time restricted	10,000	1,236,773
Capital	-	323,698
	<u>\$ 5,079,966</u>	<u>\$ 7,813,628</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.

Advertising Costs

The Agency expenses advertising costs as they are incurred. Advertising expense was \$165,739 and \$47,372 for the years ended September 30, 2023 and 2022, respectively, and is shown as advertising and publicity in the accompanying combining statements of functional expenses.

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements
September 30, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Federal and state contracts are recorded in accordance with Topic 958 when services are provided and costs are incurred. These contracts are considered nonreciprocal transactions because the general public receives the benefit as a result of the assets transferred. Grants and contributions without donor restrictions and allocations from CJP are also recorded under Topic 958 as revenue when received or unconditionally committed.

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.

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.

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.

Leases

The Agency assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) and determines lease classification as operating or finance at inception. The Agency only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of twelve months or less are not recorded in the combining statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

All of the Agency's leases are presented as ROU assets with a corresponding current and long-term lease liability in the accompanying combining statement of financial position. ROU assets represent the Agency's right to use an underlying asset during its lease term, and lease liabilities represent the obligation to make lease payments.

Operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The ROU assets equal the lease liabilities adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Agency uses the implicit discount rate when it is readily determinable. Since the Agency's leases do not provide an implicit rate, the Agency uses the risk-free discount rate at the lease commencement date to determine the present value of the lease payments. Variable rent payments, if included in the lease agreement and not determinable at the lease commencement, are not included in the measurement of the lease liabilities. Lease expense is recognized on a straight-line basis over the lease term. The Agency's lease terms may include options to extend or terminate leases when it is reasonably certain that the options will be exercised.

The Agency has lease agreements with lease and non-lease components, which are generally accounted for as a single component.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 grants and contracts for capital and investment activity.

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 accompanying combining financial statements at September 30, 2023 and 2022. 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.

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.

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements
September 30, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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, 2023 and 2022, 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, 2023 and 2022, 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 April 10, 2024, 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.

3. INVESTMENTS

Fair value measurement was determined using the following inputs at September 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity	\$ 1,609,215	\$ -	\$ -	\$ 1,609,215
Fixed income	1,265,398	-	-	1,265,398
Money market funds	<u>119,728</u>	<u>-</u>	<u>-</u>	<u>119,728</u>
Investments with CJP*	<u>\$ 2,994,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,994,341</u>
				<u>\$ 5,121,951</u>

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements
September 30, 2023 and 2022

3. INVESTMENTS (Continued)

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>

* 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 Agency's intention is to hold the investments for long-term purposes, therefore investments are categorized as long-term in the accompanying combining statements of financial position.

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

	<u>2023</u>	<u>2022</u>
Fixed income	12.9%	14.9%
Domestic equity	2.9	2.6
Money market funds	<u>2.7</u>	<u>2.2</u>
	<u>18.5</u>	<u>19.7</u>
Alternative investments:		
Absolute return	36.8	38.2
International equity	20.6	16.7
Private equity/venture capital	9.1	9.1
Domestic equity	7.4	5.7
Real assets	3.8	5.5
Credit related	<u>3.8</u>	<u>4.0</u>
Total alternative investments	<u>81.5</u>	<u>79.2</u>
Cash held for investment	<u>0.0</u>	<u>1.1</u>
Total	<u>100.0%</u>	<u>100.0%</u>

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.

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements
September 30, 2023 and 2022

3. INVESTMENTS (Continued)**Investment Return**

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

	<u>2023</u>	<u>2022</u>
Net unrealized gains (losses)	\$ 345,167	\$ (1,083,982)
Net realized gains	213,972	356,333
Interest and dividends	19,621	27,686
Investment fees	<u>(66,217)</u>	<u>(66,918)</u>
Investment return (loss), net	<u>\$ 512,543</u>	<u>\$ (766,881)</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>2023</u>	<u>2022</u>
Due in one year	\$ 977,035	\$ 936,000
Due in two years	<u>-</u>	<u>35,000</u>
	977,035	971,000
Less - present value discount	<u>-</u>	<u>460</u>
Less - current portion	<u>977,035</u>	<u>936,000</u>
Long-term pledges receivable	<u>\$ -</u>	<u>\$ 34,540</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 4,080,890	\$ 4,080,890
Building and improvements	2,010,110	2,010,110
Leasehold improvements	2,498,112	380,197
Furniture and equipment	2,106,121	1,473,589
Computers and equipment	<u>4,217,122</u>	<u>2,268,935</u>
	14,912,355	10,213,721
Less - accumulated depreciation	<u>3,796,626</u>	<u>2,983,413</u>
Property and equipment, net	<u>\$ 11,115,729</u>	<u>\$ 7,230,308</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 (8.50% and 6.25% at September 30, 2023 and 2022, respectively). The note is secured by all business assets of the Agency. There were no outstanding balances at September 30, 2023 and 2022. 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, 2023 and 2022.

7. LEASE AGREEMENTS

Operating Leases

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 prepayment of rent.

In accordance with ASC Topic 842, *Leases*, the Agency records rent expense on a straight-line basis over the term of the leases regardless of actual cash payments.

The Agency has certain leases that are for a period of twelve months or less or contain renewals for periods of twelve months or less. The Agency has elected the practical expedient to not include these leases within the operating ROU assets and lease liabilities.

The following summarizes facility lease costs for the year ended September 30, 2023:

Facility Lease Costs:

Operating lease cost (included in occupancy)	\$ 1,705,291
Add - variable lease cost (included in occupancy)	<u>392,463</u>
Total lease costs (total occupancy)	<u>\$ 2,097,754</u>

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, 2023 and 2022.

The Agency leases office equipment under an operating lease which expires in January 2027. Total equipment operating lease costs as of September 30, 2023, were \$15,397, which is included in equipment in the accompanying combining statement of functional expenses.

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements
September 30, 2023 and 2022

7. LEASE AGREEMENTS (Continued)**Operating Leases (Continued)**

The maturities of operating lease liabilities as of September 30, are as follows:

	<u>Facilities</u>	<u>Equipment</u>	<u>Total</u>
2024	\$ 1,933,640	\$ 2,228	\$ 1,935,868
2025	1,772,503	2,228	1,774,731
2026	-	2,228	2,228
2027	-	743	743
	<u>3,706,143</u>	<u>7,427</u>	<u>3,713,570</u>
Total	3,706,143	7,427	3,713,570
Less - present value discount	<u>136,205</u>	<u>451</u>	<u>136,656</u>
Present value of lease liabilities	<u>\$ 3,569,938</u>	<u>\$ 6,976</u>	<u>\$ 3,576,914</u>

The following summarizes the weighted-average remaining lease term and discount rate for operating leases as of September 30, 2023:

Weighted-average remaining lease term (years)	1.84
Weighted-average discount rate	4.12%

The following summarizes the line items in the accompanying combining statement of financial position which include amounts for operating leases as of September 30, 2023:

Right-of-use lease assets - operating	\$ 4,679,781
Less - accumulated amortization	<u>(1,540,537)</u>
Right-of-use lease assets - operating	<u>\$ 3,139,244</u>
Operating lease liabilities:	
Current portion	\$ 1,829,448
Long-term portion	<u>1,747,466</u>
Total operating lease liabilities	<u>\$ 3,576,914</u>

Finance Lease

The Agency leases office equipment under a finance lease agreement. The lease expires in January 2026.

The following summarizes the line items in the accompanying combining statement of financial position which include amounts for finance lease as of September 30, 2023:

Right-of-use lease asset - finance	\$ 235,233
Less - accumulated amortization	<u>(62,046)</u>
Right-of-use lease asset - finance	<u>\$ 173,187</u>
Finance lease liability:	
Current portion	\$ 71,515
Long-term portion	<u>100,220</u>
Total finance lease liability	<u>\$ 171,735</u>

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements
September 30, 2023 and 2022

7. LEASE AGREEMENTS (Continued)**Finance Lease (Continued)**

The maturities of finance lease liability as of September 30, 2023, are as follows:

2024	\$ 77,184
2025	77,184
2026	<u>25,728</u>
Total	180,096
Less - present value discount	<u>8,361</u>
Present value of lease liability	<u>\$ 171,735</u>

The following summarized cash flow information related to the finance lease for the year ended September 30, 2023:

Remaining lease term (years)	2.32
Discount rate	4.27%

The following summarized cash flow information related to the finance leases for the year ended September 30, 2023:

Cash paid for amounts included in measuring finance liabilities	<u>\$ 70,752</u>
Finance lease assets obtained in exchange for lease liabilities	<u>\$ 235,233</u>

In accordance with ASC Topic 840, *Leases*, the Agency recognized rent expense on a straight-line basis over the term of the leases regardless of actual cash payments. Facility rent expense was \$1,673,846 for the year ended September 30, 2022, and is included in occupancy in the accompanying combining statement of functional expenses.

Deferred rent as of September 30, 2022, was \$599,402. 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.

The following is a schedule of future minimum lease payments in accordance with the lease agreements as of September 30, 2022:

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

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements
September 30, 2023 and 2022

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 2023 and 2022. 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>2023</u>	<u>2022</u>
Endowment funds, at beginning of year	\$ 762,845	\$ 859,805
Unrealized gains (losses)	68,113	(86,640)
Realized gains	15,269	21,096
Interest and dividends	5,727	4,019
Investment fees	(5,182)	(5,503)
Investment return designated for scholarships	<u>(31,055)</u>	<u>(29,932)</u>
Endowment funds, at end of year	<u>\$ 815,717</u>	<u>\$ 762,845</u>

Included in the endowment funds as of September 30, 2023 and 2022, are \$641,526 and \$592,798, 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.

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements
September 30, 2023 and 2022

8. ENDOWMENT (Continued)

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 2023, and 2022, JVS appropriated \$31,055 and \$29,932, respectively, to be used for scholarships.

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, 2023 and 2022.

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, 2023 and 2022, totaled \$63,468 and \$45,900, respectively. Plan assets and liabilities totaled \$724,984 and \$565,196 as of September 30, 2023 and 2022, 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 2023 and 2022 totaling \$156,674 and \$112,989, respectively, and is included in payroll taxes and fringe benefits in the accompanying combining statements of functional expenses.

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements
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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, 2023 and 2022, CJP owed the Agency \$10,000 and \$1,236,773, 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, 2023 and 2022, the loan has a face value of \$79,954 and \$106,607, respectively, and an imputed interest rate of 6% (discounted by \$9,543 and \$15,376, respectively).

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

	<u>2023</u>	<u>2022</u>
Current portion of due to CJP	\$ 25,089	\$ 23,632
Due to CJP, net of current portion	<u>45,322</u>	<u>67,599</u>
	<u>\$ 70,411</u>	<u>\$ 91,231</u>

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

2024	\$ 25,089
2025	<u>54,865</u>
	79,954
Less discount	<u>9,543</u>
Total	<u>\$ 70,411</u>

Interest expense recorded on this loan for the years ended September 30, 2023 and 2022, was \$5,862 and \$7,043, respectively, and is included in interest in the accompanying combining statements of functional expenses.

12. RELATED PARTY TRANSACTIONS

During fiscal year 2022, the Agency received donated legal services from law firms at which members of the Board of Directors are employed. The total value of these donated services was \$4,899 for the year ended September 30, 2022, and is included in professional fees in the accompanying 2022 combining statement of functional expenses. There were no donated legal services provided by members of the Board of Directors for the year ended September 30, 2023.

13. CONCENTRATION OF CREDIT RISK

The Agency maintains its cash and cash equivalent 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 equivalent 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.

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

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13. CONCENTRATION OF CREDIT RISK (Continued)

The Agency received approximately 25% and 21% of its total funding from three and two sources for the years ended September 30, 2023 and 2022, respectively. In addition, approximately 99% and 52% of the Agency's Federal and state contract receivables were due from five and three funding sources as of September 30, 2023 and 2022, respectively. Approximately 78% and 90% of the Agency's pledges receivable are from two and three donors as of September 30, 2023 and 2022, respectively.

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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 10,480,953	\$ 6,622,665
Allocations receivable from CJP	10,000	1,236,773
Federal and state contract receivables	2,259,692	2,242,669
Contracted services and program revenue receivables	1,414,412	1,241,002
Current portion of pledges receivable	<u>977,035</u>	<u>936,000</u>
Total financial assets	15,142,092	12,279,109
Less - purpose and capital restricted net assets	<u>(2,614,679)</u>	<u>(4,843,471)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 12,527,413</u>	<u>\$ 7,435,638</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 6). The Agency also has \$5,121,951 and \$4,640,463 of long-term investments as of September 30, 2023 and 2022, respectively, that could be utilized to meet immediate liquidity needs with prior approval of the Board of Directors.

15. CONDITIONAL GRANTS AND COMMITMENTS

Commitments

As of September 30, 2023 and 2022, 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.

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements
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15. CONDITIONAL GRANTS AND COMMITMENTS (Continued)**Commitments (Continued)**

Total contracts committed but not recognized as of and for the years ended September 30, 2023 and 2022, summarized by agency, are as follows:

	<u>2023</u>	<u>2022</u>
Executive Office of Labor and Workforce Development	\$ 5,825,000	\$ -
Department of Education	3,576,000	6,333,124
Economic Development Industrial Corporations	1,909,847	2,528,698
Other grants	992,733	1,584,736
Department of Developmental Services	235,121	147,533
Office of Refugees and Immigrants	-	1,263,550
Department of Transitional Assistance	-	459,946
Massachusetts Rehabilitation Commission	-	203,936
	<u>\$ 12,538,701</u>	<u>\$ 12,521,523</u>
Total		

Conditional Grant

A foundation has awarded the Agency a \$3,500,000 conditional grant of which \$2,000,000 and \$1,500,000 was received through September 30, 2023 and 2022, respectively. The balance of the grant, \$1,500,000 and \$2,000,000, is a conditional grant at September 30, 2023 and 2022, respectively. Since the balance of the grant is conditional upon the Agency meeting certain milestones, it is not reflected in the accompanying combining financial statements as of September 30, 2023 and 2022.