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JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

**COMBINING FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Contents
September 30, 2021 and 2020

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Independent Auditor's Report

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

Report on the Combining Financial Statements

We have audited the accompanying combining financial statements of Jewish Vocational Service, Inc. and Boston Center for Adult Education, Inc. (Affiliate) (Massachusetts corporations, not for profit) which comprise the combining statements of financial position as of September 30, 2021 and 2020, 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.

Management's Responsibility for the Combining Financial Statements

Management is responsible for the preparation and fair presentation of these combining financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combining financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combining financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combining financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combining financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combining financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combining financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combining financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 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, 2021 and 2020, 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.

AAFCPAs, Inc.

Boston, Massachusetts
February 16, 2022

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Combining Statement of Financial Position
September 30, 2021

	Jewish Vocational Service, Inc.			Boston Center for Adult Education, Inc.			Eliminations	Combined Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
Assets								
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, net	352,089	-	352,089	-	-	-	-	352,089
Current portion of pledges receivable	-	963,305	963,305	-	-	-	-	963,305
Notes receivable	2,021	-	2,021	-	-	-	-	2,021
Prepaid expenses and other current assets	229,267	-	229,267	-	-	-	-	229,267
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
Liabilities and Net Assets								
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 Financial Position
September 30, 2020

Assets	Jewish Vocational Service, Inc.			Boston Center for Adult Education, Inc.			Eliminations	Combined Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
Current Assets:								
Cash and cash equivalents	\$ 2,976,811	\$ 4,101,920	\$ 7,078,731	\$ 103,118	\$ -	\$ 103,118	\$ -	\$ 7,181,849
Cash - restricted	58,317	-	58,317	-	-	-	-	58,317
Allocations receivable from CJP	-	1,144,527	1,144,527	-	-	-	-	1,144,527
Federal and state contract receivables	1,999,112	-	1,999,112	-	-	-	-	1,999,112
Contracted services and program revenue receivables, net	426,655	-	426,655	12,500	-	12,500	(12,500)	426,655
Pledges receivable	-	715,805	715,805	-	-	-	-	715,805
Current portion of notes receivable	10,224	8,423	18,647	-	-	-	-	18,647
Prepaid expenses and other current assets	136,582	-	136,582	16,845	-	16,845	-	153,427
Total current assets	5,607,701	5,970,675	11,578,376	132,463	-	132,463	(12,500)	11,698,339
Investments	1,160,643	619,435	1,780,078	2,923,871	176,792	3,100,663	-	4,880,741
Notes Receivable, net	27,733	33,694	61,427	-	-	-	-	61,427
Investments - Restricted	448,960	-	448,960	-	-	-	-	448,960
Deposits	135,000	-	135,000	1,900	-	1,900	-	136,900
Property and Equipment, net	1,431,063	-	1,431,063	6,068,373	-	6,068,373	-	7,499,436
Total assets	\$ 8,811,100	\$ 6,623,804	\$ 15,434,904	\$ 9,126,607	\$ 176,792	\$ 9,303,399	\$ (12,500)	\$ 24,725,803
Liabilities and Net Assets								
Current Liabilities:								
Accounts payable	\$ 143,081	\$ -	\$ 143,081	\$ 11,587	\$ -	\$ 11,587	\$ (12,500)	\$ 142,168
Accrued expenses and other	662,199	-	662,199	36,500	-	36,500	-	698,699
Current portion of due to CJP	20,966	-	20,966	-	-	-	-	20,966
Current portion of deferred revenue	419,141	-	419,141	340,252	-	340,252	-	759,393
Current portion of deferred rent	206,799	-	206,799	-	-	-	-	206,799
Other liabilities	40,275	-	40,275	-	-	-	-	40,275
Total current liabilities	1,492,461	-	1,492,461	388,339	-	388,339	(12,500)	1,868,300
Long-term Liabilities:								
Note payable	1,956,909	-	1,956,909	-	-	-	-	1,956,909
Due to CJP, net of current portion	108,346	-	108,346	-	-	-	-	108,346
Deferred revenue, net of current portion	89,788	-	89,788	-	-	-	-	89,788
Deferred rent, net of current portion	810,630	-	810,630	-	-	-	-	810,630
Deferred compensation	448,960	-	448,960	-	-	-	-	448,960
Total liabilities	4,907,094	-	4,907,094	388,339	-	388,339	(12,500)	5,282,933
Net Assets:								
Without donor restrictions:								
Operating	2,472,943	-	2,472,943	(109,769)	-	(109,769)	-	2,363,174
Board Designated	-	-	-	2,779,664	-	2,779,664	-	2,779,664
Property and equipment	1,431,063	-	1,431,063	6,068,373	-	6,068,373	-	7,499,436
Total without donor restrictions	3,904,006	-	3,904,006	8,738,268	-	8,738,268	-	12,642,274
With donor restrictions	-	6,623,804	6,623,804	-	176,792	176,792	-	6,800,596
Total net assets	3,904,006	6,623,804	10,527,810	8,738,268	176,792	8,915,060	-	19,442,870
Total liabilities and net assets	\$ 8,811,100	\$ 6,623,804	\$ 15,434,904	\$ 9,126,607	\$ 176,792	\$ 9,303,399	\$ (12,500)	\$ 24,725,803

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	
Operating Revenue and Support:							
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
In-kind contributions	52,277	-	52,277	-	-	-	52,277
Investment return designated for scholarships	-	26,839	26,839	-	-	-	26,839
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
Operating Expenses:							
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
Non-Operating Revenues (Expenses):							
Note payable forgiveness	1,956,909	-	1,956,909	-	-	-	1,956,909
Investment return, net	250,396	133,314	383,710	396,664	-	396,664	780,374
Capital grant	-	550,040	550,040	-	-	-	550,040
Investment return designated for scholarships	-	(26,839)	(26,839)	-	-	-	(26,839)
Net assets released from capital restrictions	375,000	(375,000)	-	-	-	-	-
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 Statement of Activities
 For the Year Ended September 30, 2020

	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	\$ 8,150,072	\$ -	\$ 8,150,072	\$ -	\$ -	\$ -	\$ 8,150,072
Grants and contributions	1,620,795	2,425,217	4,046,012	-	-	-	4,046,012
Contracted services and program revenue	2,569,043	-	2,569,043	-	-	-	2,569,043
Allocations from CJP	-	1,037,100	1,037,100	-	-	-	1,037,100
Other revenue	67,590	-	67,590	5,751	-	5,751	73,341
In-kind contributions	141,027	-	141,027	-	-	-	141,027
Net assets released from time restrictions	1,801,425	(1,801,425)	-	-	-	-	-
Net assets released from purpose restrictions	2,102,297	(2,102,297)	-	-	-	-	-
Total operating revenue and support	16,452,249	(441,405)	16,010,844	5,751	-	5,751	16,016,595
Operating Expenses:							
Program services	12,546,541	-	12,546,541	-	-	-	12,546,541
Administration	2,823,606	-	2,823,606	100,225	-	100,225	2,923,831
Development	995,713	-	995,713	-	-	-	995,713
Total operating expenses	16,365,860	-	16,365,860	100,225	-	100,225	16,466,085
Changes in net assets from operations	86,389	(441,405)	(355,016)	(94,474)	-	(94,474)	(449,490)
Non-Operating Revenues:							
Investment return, net	37,436	19,980	57,416	144,207	-	144,207	201,623
Capital grant	650,000	375,000	1,025,000	-	-	-	1,025,000
Contribution income - acquisition	-	-	-	8,688,535	176,792	8,865,327	8,865,327
Total non-operating revenues	687,436	394,980	1,082,416	8,832,742	176,792	9,009,534	10,091,950
Changes in net assets	\$ 773,825	\$ (46,425)	\$ 727,400	\$ 8,738,268	\$ 176,792	\$ 8,915,060	\$ 9,642,460

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, 2021 and 2020

	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, 2019	\$ 3,130,181	\$ 6,670,229	\$ 9,800,410	\$ -	\$ -	\$ -	\$ 9,800,410
Changes in net assets	<u>773,825</u>	<u>(46,425)</u>	<u>727,400</u>	<u>8,738,268</u>	<u>176,792</u>	<u>8,915,060</u>	<u>9,642,460</u>
Net Assets , 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>
Net Assets , September 30, 2021	<u>\$ 10,113,484</u>	<u>\$ 7,698,411</u>	<u>\$ 17,811,895</u>	<u>\$ 5,930,511</u>	<u>\$ -</u>	<u>\$ 5,930,511</u>	<u>\$ 23,742,406</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, 2021 and 2020

	2021			2020				
	Jewish Vocational Service, Inc.	Boston Center for Adult Education, Inc.	Eliminations	Combined Total	Jewish Vocational Service, Inc.	Boston Center for Adult Education, Inc.	Eliminations	Combined Total
Cash Flows from Operating Activities:								
Changes in net assets	\$ 3,986,758	\$ 312,778	\$ -	\$ 4,299,536	\$ 727,400	\$ 8,915,060	\$ -	\$ 9,642,460
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:								
Depreciation	497,928	132,242	-	630,170	306,681	46,191	-	352,872
Bad debt	72,885	-	-	72,885	7,600	-	-	7,600
Contribution income - acquisition	-	-	-	-	-	(8,865,327)	-	(8,865,327)
Capital grant	(550,040)	-	-	(550,040)	(1,025,000)	-	-	(1,025,000)
Investment return, net	(356,871)	(396,664)	-	(753,535)	(57,416)	(144,207)	-	(201,623)
Note payable forgiveness	(1,956,909)	-	-	(1,956,909)	-	-	-	-
Changes in operating assets and liabilities:								
Allocations receivable from CJP	24,900	-	-	24,900	9,520	-	-	9,520
Federal and state contract receivables	(31,221)	-	-	(31,221)	(536,419)	-	-	(536,419)
Contracted services and program revenue receivables, net	74,566	12,500	-	87,066	(6,164)	3,732	12,500	10,068
Pledges receivable	(822,040)	-	-	(822,040)	39,000	-	-	39,000
Prepaid expenses and other current assets	(92,685)	16,845	-	(75,840)	(24,937)	(12,718)	-	(37,655)
Accounts payable	(27,377)	(2,530)	-	(29,907)	(367,069)	(8,044)	(12,500)	(387,613)
Accrued expenses and other	(32,489)	(36,500)	-	(68,989)	120,570	(5,843)	-	114,727
Deferred revenue	(26,074)	(179,368)	-	(205,442)	(56,226)	(6,087)	-	(62,313)
Deferred rent	(206,805)	-	-	(206,805)	(162,879)	-	-	(162,879)
Other liabilities	212	-	-	212	(5,225)	-	-	(5,225)
Net cash provided by (used in) operating activities	554,738	(140,697)	-	414,041	(1,030,564)	(77,243)	-	(1,107,807)
Cash Flows from Investing Activities:								
Cash received via acquisition	-	-	-	-	-	180,361	-	180,361
Decrease in deposits	-	-	-	-	600	-	-	600
Acquisition of property and equipment	(348,740)	(35,675)	-	(384,415)	(814,602)	-	-	(814,602)
Proceeds from sale of investments	-	200,000	-	200,000	-	-	-	-
Decrease in notes receivable	78,053	-	-	78,053	14,416	-	-	14,416
Net cash provided by (used in) investing activities	(270,687)	164,325	-	(106,362)	(799,586)	180,361	-	(619,225)
Cash Flows from Financing Activities:								
Proceeds from note payable	-	-	-	-	1,956,909	-	-	1,956,909
Capital grant	550,040	-	-	550,040	1,025,000	-	-	1,025,000
Due to CJP	(18,471)	-	-	(18,471)	(17,398)	-	-	(17,398)
Payments on capital lease obligation	-	-	-	-	(247,318)	-	-	(247,318)
Net cash provided by financing activities	531,569	-	-	531,569	2,717,193	-	-	2,717,193
Net Change in Cash, Cash Equivalents and Restricted Cash	815,620	23,628	-	839,248	887,043	103,118	-	990,161
Cash, Cash Equivalents and Restricted Cash:								
Beginning of year	7,137,048	103,118	-	7,240,166	6,250,005	-	-	6,250,005
End of year	\$ 7,952,668	\$ 126,746	\$ -	\$ 8,079,414	\$ 7,137,048	\$ 103,118	\$ -	\$ 7,240,166
Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Combining Statements of Financial Position:								
Cash and cash equivalents	\$ 7,894,322	\$ 126,746	\$ -	\$ 8,021,068	\$ 7,078,731	\$ 103,118	\$ -	\$ 7,181,849
Cash - restricted	58,346	-	-	58,346	58,317	-	-	58,317
Total cash, cash equivalents and restricted cash	\$ 7,952,668	\$ 126,746	\$ -	\$ 8,079,414	\$ 7,137,048	\$ 103,118	\$ -	\$ 7,240,166
Supplemental Disclosure of Cash Transactions:								
Cash paid for interest	\$ 8,206	\$ -	\$ -	\$ 8,206	\$ 13,578	\$ -	\$ -	\$ 13,578
Capital asset purchases financed through accounts payable	\$ 31,400	\$ -	\$ -	\$ 31,400	\$ -	\$ -	\$ -	\$ -

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, 2021
 (With Summarized Comparative Totals for the Year Ended September 30, 2020)

	2021												2020			
	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	Total Program Services	Adminis-tration	Development	Total	Boston Center for Adult Education, Inc.	Combined Total	Total
Personnel:																
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	\$ 8,990,027
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	2,246,881
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	11,236,908
Occupancy	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	2,014,191
Operational:																
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	1,524,029
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	352,872
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	247,266
Scholarships	-	-	-	-	-	-	-	-	339,798	339,798	-	-	339,798	-	339,798	353,566
Client costs	113,945	82,380	-	-	168	28,197	575	726	-	225,991	9,031	-	235,022	-	235,022	248,656
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	99,939
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	66,191
Miscellaneous	142	952	397	668	55	1,089	275	2,971	-	6,549	48,903	21,530	76,982	1,144	78,126	78,561
Bad debts	-	-	-	-	-	-	-	-	72,885	72,885	-	-	72,885	-	72,885	7,600
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	61,310
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	77,436
Events	-	-	-	-	-	-	-	-	-	-	-	59,500	59,500	-	59,500	33,550
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	33,402
Bank fees	558	-	-	129	-	-	-	-	-	687	8,729	3,428	12,844	-	12,844	17,030
Interest	-	-	-	-	-	-	-	-	-	-	8,182	24	8,206	-	8,206	13,578
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	3,214,986
Total expenses	\$ 2,570,357	\$ 1,999,789	\$ 1,388,542	\$ 1,579,447	\$ 1,298,563	\$ 1,990,964	\$ 966,226	\$ 901,098	\$ 547,970	\$ 13,242,956	\$ 3,434,768	\$ 1,229,508	\$ 17,907,232	\$ 270,215	\$ 18,177,447	\$ 16,466,085

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Combining Statement of Functional Expenses
For the Year Ended September 30, 2020

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	Total Program Services					
Personnel:															
Salaries and wages	\$ 1,384,609	\$ 1,122,922	\$ 965,353	\$ 896,123	\$ 692,302	\$ 1,179,337	\$ 555,724	\$ 569,049	\$ 21,910	\$ 7,387,329	\$ 976,477	\$ 626,110	\$ 8,989,916	\$ 111	\$ 8,990,027
Payroll taxes and fringe benefits	341,431	277,503	235,597	223,072	162,327	288,874	124,554	138,826	5,462	1,797,646	282,872	162,594	2,243,112	3,769	2,246,881
Total personnel	1,726,040	1,400,425	1,200,950	1,119,195	854,629	1,468,211	680,278	707,875	27,372	9,184,975	1,259,349	788,704	11,233,028	3,880	11,236,908
Occupancy	482,000	333,140	104,061	47,290	322,467	207,343	220,874	55,923	-	1,773,098	174,603	51,845	1,999,546	14,645	2,014,191
Operational:															
Professional fees	10,310	148,728	99,572	65,149	9,865	24,856	31,262	1,051	-	390,793	1,066,126	53,314	1,510,233	13,796	1,524,029
Depreciation	44,929	44,560	49,161	31,158	22,173	41,985	19,352	18,861	-	272,179	17,573	16,929	306,681	46,191	352,872
Equipment	30,041	19,387	12,512	26,430	13,316	17,969	13,174	4,377	150	137,356	79,974	21,538	238,868	8,398	247,266
Scholarships	-	-	-	-	-	-	-	-	353,566	353,566	-	-	353,566	-	353,566
Client costs	140,792	27,706	135	-	83	62,004	6,585	2,596	-	239,901	8,755	-	248,656	-	248,656
Meetings and staff development	3,749	805	613	7,366	282	837	152	1,783	476	16,063	82,265	1,611	99,939	-	99,939
Communication	7,314	7,814	8,675	12,069	5,672	6,077	2,750	2,680	-	53,051	8,209	2,408	63,668	2,523	66,191
Miscellaneous	3,072	930	2,461	3,713	1,272	456	2,603	803	-	15,310	50,205	12,725	78,240	321	78,561
Bad debts	-	-	-	7,600	-	-	-	-	-	7,600	-	-	7,600	-	7,600
Insurance	4,449	4,412	4,868	3,085	2,195	4,158	1,916	1,867	-	26,950	22,213	1,676	50,839	10,471	61,310
Supplies	11,098	2,862	2,529	11,383	11,283	2,487	6,507	693	21	48,863	23,257	5,316	77,436	-	77,436
Events	-	-	-	-	-	-	-	-	-	-	-	33,550	33,550	-	33,550
Advertising and publicity	845	745	8,534	6,844	2,642	1,659	57	672	-	21,998	7,019	4,385	33,402	-	33,402
Bank fees	1,009	3,758	-	71	-	-	-	-	-	4,838	10,480	1,712	17,030	-	17,030
Interest	-	-	-	-	-	-	-	-	-	-	13,578	-	13,578	-	13,578
Total operational	257,608	261,707	189,060	174,868	68,783	162,488	84,358	35,383	354,213	1,588,468	1,389,654	155,164	3,133,286	81,700	3,214,986
Total expenses	\$ 2,465,648	\$ 1,995,272	\$ 1,494,071	\$ 1,341,353	\$ 1,245,879	\$ 1,838,042	\$ 985,510	\$ 799,181	\$ 381,585	\$ 12,546,541	\$ 2,823,606	\$ 995,713	\$ 16,365,860	\$ 100,225	\$ 16,466,085

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements
September 30, 2021 and 2020

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 is 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 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, 2021 and 2020

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.

On July 1, 2020, Boston Center for Adult Education, Inc. (BCAE), a Massachusetts not-for-profit corporation, combined with JVS and, as a result, JVS assumed assets totaling \$9,273,640 and liabilities totaling \$408,313. The difference of \$8,865,327 is included in contribution income - acquisition in the accompanying fiscal year 2020 combining statement of activities in accordance with Accounting Standards Codification (ASC) Topic, *Accounting and Reporting for Combinations of Not-for-Profit Organizations*. For the year ended September 30, 2020, the accompanying combining financial statements include the operating activities of BCAE from July 1, 2020 through September 30, 2020. A full year of operating activities of BCAE is reflected for the year ended September 30, 2021.

JVS and BCAE (collectively, the Agency) are exempt from Federal income taxes as an organization (not a private foundation) 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 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. All significant transactions between classes of net assets and intercompany balances and transactions have been eliminated in the accompanying combining financial statements.

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements
September 30, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021 and 2020, was \$58,346 and \$58,317, 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, net include program revenues that are recorded at unpaid balances, less allowances for doubtful accounts of approximately \$17,000 as of September 30, 2021 and 2020. The allowance is based upon collection experience and other circumstances which may affect the Agency's ability to collect.

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, 2021 and 2020, consist of contributions committed to certain programs (see Note 4). Pledges are recorded at their net present value when unconditionally committed.

Notes Receivable and Allowance for Loan Losses

The Agency made uncollateralized loans which were funded through private contributions from donors and institutional resources to eligible college students. These notes were interest free. The Agency also makes uncollateralized loans to individuals who have completed the Agency's small business training services for use in starting small businesses. All notes receivable are carried at their estimated net realizable value. Management reviews loan payment activity on a quarterly basis to determine the reasonableness of allowances for loan losses. Management evaluates loan collectability through consideration of factors such as previous loss experience, performance of individual loans in accordance with contract terms, and financial strength and cash flows of the borrower.

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements
September 30, 2021 and 2020

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 \$2,136,949 and \$1,780,078 as of September 30, 2021 and 2020, 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 \$3,297,327 and \$3,100,663 as of September 30, 2021 and 2020, 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, 2021 and 2020

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>2021</u>	<u>2020</u>
Purpose restricted:		
Various programs	\$ 5,112,416	\$ 4,426,212
Scholarships	56,524	101,527
Time restricted	1,119,626	1,144,527
Scholarship funds (see Note 9)	685,028	585,233
Capital	550,040	375,000
Net assets held in perpetuity	128,707	128,707
Appreciation and unspent earnings on endowment	46,070	39,390
	<u>\$ 7,698,411</u>	<u>\$ 6,800,596</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

The Agency receives donated services from various individuals or organizations. These services are reflected in the accompanying combining financial statements at fair value as determined by the donor. These services were comprised of the following for the years ended September 30:

	<u>2021</u>	<u>2020</u>
Legal	\$ 47,277	\$ 141,027
Event coordination	<u>5,000</u>	<u>-</u>
	<u>\$ 52,277</u>	<u>\$ 141,027</u>

Advertising Costs

The Agency expenses advertising costs as they are incurred. Advertising expense was \$57,237 and \$33,402 for the years ended September 30, 2021 and 2020, 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, 2021 and 2020

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

Contributions and Grants 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. 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.

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements
September 30, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contracted Services and Program Revenue (Continued)

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 note payable forgiveness, contribution income from an acquisition, capital grants, 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 combining financial statements at September 30, 2021 and 2020. The Agency's information returns are subject to examination by the Federal and state jurisdictions.

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, 2021 and 2020

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, 2021 and 2020, 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, 2021 and 2020, 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.

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.

Subsequent Events

Subsequent events have been evaluated through February 16, 2022, 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
September 30, 2021 and 2020

3. INVESTMENTS

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>
Investments with CJP*	<u>\$ 3,297,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,297,327</u> <u>2,136,949</u>
				<u>\$ 5,434,276</u>

Fair value measurement was determined using the following inputs at September 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity	\$ 1,672,642	\$ -	\$ -	\$ 1,672,642
Fixed income	1,246,284	-	-	1,246,284
Money market funds	<u>181,737</u>	<u>-</u>	<u>-</u>	<u>181,737</u>
Investments with CJP*	<u>\$ 3,100,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,100,663</u> <u>1,780,078</u>
				<u>\$ 4,880,741</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>2021</u>	<u>2020</u>
Fixed income	10.4%	9.3%
Money market funds	7.3	3.4
Domestic equity	2.6	2.8
Absolute return	<u>-</u>	<u>0.3</u>
	<u>20.3</u>	<u>15.8</u>
Alternative investments:		
Absolute return	34.3	35.0
International equity	19.6	21.9
Credit related	8.0	7.4
Private equity/venture capital	8.0	6.6
Domestic equity	7.7	9.7
Real assets	<u>2.1</u>	<u>3.6</u>
Total alternative investments	<u>79.7</u>	<u>84.2</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>2021</u>	<u>2020</u>
Net unrealized gains	\$ 608,727	\$ 180,313
Net realized gains	138,182	9,012
Interest and dividends	57,322	25,307
Investment fees	<u>(23,857)</u>	<u>(13,009)</u>
Investment return, net	<u>\$ 780,374</u>	<u>\$ 201,623</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>2021</u>	<u>2020</u>
Due in one year	\$ 963,305	\$ 715,805
Due in two years	<u>575,000</u>	<u>-</u>
	1,538,305	715,805
Less - present value discount at 0.08% as of September 30, 2021	460	-
Less - current portion	<u>963,305</u>	<u>715,805</u>
Long-term pledges receivable	<u>\$ 574,540</u>	<u>\$ -</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 4,080,890	\$ 4,080,890
Building and improvements	2,010,110	1,994,110
Leasehold improvements	333,807	333,807
Furniture and equipment	1,473,589	1,453,914
Computers and equipment	<u>1,684,963</u>	<u>1,304,823</u>
	9,583,359	9,167,544
Less - accumulated depreciation	<u>2,298,278</u>	<u>1,668,108</u>
Property and equipment, net	<u>\$ 7,285,081</u>	<u>\$ 7,499,436</u>

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATENotes to Combining Financial Statements
September 30, 2021 and 2020**5. PROPERTY AND EQUIPMENT (Continued)**

Depreciation expense for the years ended September 30, 2021 and 2020, was \$630,170 and \$352,872, respectively.

6. NOTES RECEIVABLE

Notes receivable consist of the following at September 30:

	<u>2021</u>	<u>2020</u>
Boston Private Bank notes	\$ 2,021	\$ 2,021
Student notes	-	<u>83,131</u>
	<u>2,021</u>	<u>85,152</u>
Less - current portion	2,021	18,647
Less - allowance for loan losses	-	<u>5,078</u>
Long-term notes receivable	<u>\$ -</u>	<u>\$ 61,427</u>

The following is a summary of the general terms of the loan programs:

<u>Loan Program</u>	<u>Purpose</u>	<u>Range of Loan Amount</u>	<u>Repayment Terms</u>
Boston Private Bank notes	Small Business Start Up	\$1,000 - \$3,500	Monthly, up to 3 years
Student notes	College Loans	\$200 - \$1,600	Quarterly, up to 5 years (deferred until one year after graduation)

The College Loan Program was terminated during fiscal year 2021. As a result, the outstanding loans receivable were forgiven during fiscal year 2021.

7. 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 (3.25% at September 30, 2021 and 2020). The note is secured by all business assets of the Agency. There were no outstanding balances at September 30, 2021 and 2020. 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, 2021 and 2020.

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.

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements
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8. 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, 2021 and 2020, was \$810,624 and \$1,017,429, 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, 2021 and 2020, totaled \$1,673,846 and \$1,677,686, respectively, 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. This amount is included in deposits in the accompanying combining statements of financial position as of September 30, 2021 and 2020.

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>
2022	\$ 1,933,917	\$ 79,017
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>\$ 6,145,137</u>	<u>\$ 322,653</u>

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 5 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 2021 and 2020. Over the next five years, the Corporation is expected to make donations of \$50,000 annually.

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements
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9. ENDOWMENT

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

	<u>2021</u>	<u>2020</u>
Endowment funds at beginning of year	\$ 753,330	\$ 599,455
Contributions	-	133,895
Unrealized gains	55,389	14,505
Interest and dividends	4,125	4,837
Realized gains	79,238	4,143
Investment fees	(5,438)	(3,505)
Investment return designated for scholarships	<u>(26,839)</u>	<u>-</u>
Endowment funds at end of year	<u>\$ 859,805</u>	<u>\$ 753,330</u>

Included in the endowment funds as of September 30, 2021 and 2020, are \$685,028 and \$585,233 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.

On July 1, 2020, as a part of the BCAE combination (see Note 1), \$112,173 of perpetual endowment funds were contributed to the JVS endowment as well as \$21,722 of endowment appreciation.

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 2021, JVS appropriated \$26,839 to be used for scholarships. During fiscal year 2020, the Agency had not appropriated the amount to be used for scholarships.

10. 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, 2021 and 2020.

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.

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements
September 30, 2021 and 2020

10. CONTINGENCIES (Continued)

Coronavirus

During fiscal years 2021 and 2020, COVID-19 was recognized as a global pandemic. The impact of COVID-19 on the Agency's future operations and the demand for its products/services will depend upon, among other things, the duration, spread and intensity of the pandemic, related government responses such as required physical distancing, restrictions on business operations and travel, the pace of recovery of economic activity, and the impact to consumers, all of which are uncertain and impossible to predict. The financial impact to the Agency, if any, cannot be reasonably estimated at this time.

11. 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, 2021 and 2020, totaled \$37,307 and \$31,405, respectively. The fiscal 2021 amount was paid as of September 30, 2021. The fiscal year 2020 amount was included in accrued expenses and other in the accompanying combining statement of financial position as of September 30, 2020, and was funded during fiscal year 2021. Plan assets and liabilities totaled \$640,815 and \$448,960 as of September 30, 2021 and 2020, 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 2021 and 2020 totaling \$67,313 and \$87,768, respectively, and is included in payroll taxes and fringe benefits in the accompanying combining statements of functional expenses as of September 30, 2021 and 2020.

12. 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, 2021 and 2020, CJP owed the Agency \$1,119,627 and \$1,144,527, 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, 2021 and 2020, the loan has a face value of \$133,259 and \$159,812, respectively, and an imputed interest rate of 6% (discounted by \$22,418 and \$30,500, respectively).

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements
September 30, 2021 and 2020

12. 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>2021</u>	<u>2020</u>
Current portion of due to CJP	\$ 22,259	\$ 20,966
Due to CJP, net of current portion	<u>88,582</u>	<u>108,346</u>
	<u>\$ 110,841</u>	<u>\$ 129,312</u>

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

2022	\$ 22,259
2023	23,632
2024	25,089
2025	<u>39,861</u>
Total	<u>\$ 110,841</u>

Interest expense recorded on this loan for the years ended September 30, 2021 and 2020, was \$8,182 and \$9,404, respectively, and is included in interest in the accompanying combining statements of functional expenses.

13. RELATED PARTY TRANSACTIONS

During fiscal years 2021 and 2020, the Agency received donated legal services from members of the Board of Directors. The total value of these donated services was \$47,277 and \$141,027 for the years ended September 30, 2021 and 2020, respectively, and is included in professional fees in the accompanying combining statements of functional expenses.

During fiscal year 2020, JVS owed \$12,500 to BCAE for a portion of a grant that will be passed through to BCAE to cover combination costs. These amounts were eliminated in the combined totals in the accompanying combining statement of financial position. There were no such amounts owed in fiscal year 2021.

14. 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 14% and 26% of its total funding from one and two sources for the years ended September 30, 2021 and 2020, respectively. In addition, approximately 64% and 47% of the Agency's Federal and state contract receivables were due from two funding sources as of September 30, 2021 and 2020, respectively. Approximately 96% and 100% of the Agency's pledges receivable are from three donors as of September 30, 2021 and 2020, respectively.

JEWISH VOCATIONAL SERVICE, INC. AND AFFILIATE

Notes to Combining Financial Statements
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15. 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 8,021,068	\$ 7,181,849
Allocations receivable from CJP	1,119,627	1,144,527
Federal and state contract receivables	1,957,448	2,425,767
Contracted services and program revenue receivables, net	352,089	426,655
Current portion of pledges receivable	963,305	715,805
Current portion of notes receivable	<u>2,021</u>	<u>18,647</u>
Total financial assets	12,415,558	11,486,595
Less - purpose and capital restricted net assets	<u>(5,718,980)</u>	<u>(4,902,739)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,696,578</u>	<u>\$ 6,583,856</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 \$5,434,000 and \$4,880,000 of additional long-term investments as of September 30, 2021 and 2020, respectively, that could be utilized to meet immediate liquidity needs with prior approval of the Board of Directors.

16. CONDITIONAL GRANTS AND COMMITMENTS

As of September 30, 2021 and 2020, 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, 2021 and 2020, summarized by agency, are as follows:

	<u>2021</u>	<u>2020</u>
Department of Education	\$ 4,608,712	\$ 4,529,234
Other grants	2,241,733	564,662
Economic Development Industrial Corporations	1,820,246	1,532,518
Office of Refugees and Immigrants	787,550	784,122
Department of Transitional Assistance	539,780	325,733
Massachusetts Rehabilitation Commission	181,399	134,293
Department of Developmental Services	<u>120,000</u>	<u>21,783</u>
Total	<u>\$ 10,299,420</u>	<u>\$ 7,892,345</u>

17. RECLASSIFICATION

Certain amounts in the fiscal year 2020 combining financial statements have been reclassified to conform with the fiscal year 2021 presentation.