



March 12, 2020

To the Board of Directors of
Jewish Community Relations Council of Greater Boston, Inc.

We have audited the financial statements of Jewish Community Relations Council of Greater Boston, Inc. (the Council) for the year ended September 30, 2019, and we will issue our report thereon dated March 12, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 15, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Council are described in Note 1 to the financial statements. As described in Note 1(o), the Organization changed accounting policies related to net assets by adopting FASB Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities' (Topic 958)*, in 2018. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used. Other than ASU 2016-14, no new accounting policies were adopted and the application of existing policies was not changed during 2019. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the pledges receivable is based on expected collectability. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for uncollectible promises to give is based on historical collection rates and an analysis of the collectability of individual promises. We

evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the discount of the note payable is based on the risk free of return as determined by management. We evaluated the key factors and assumptions used to develop the discount in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 12, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Board of directors and management of the Organization and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Kevin P. Martin & Associates, P.C." The signature is written in a cursive, flowing style.

Kevin P. Martin & Associates, P.C.



Jewish Community Relations
Council of Greater Boston, Inc.
Financial Statements
September 30, 2019

Kevin P. Martin & Associates, P.C.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

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September 30, 2019

Independent Auditors' Report

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Independent Auditors' Report

To the Board of Directors of
Jewish Community Relations Council of Greater Boston, Inc.

Report on Financial Statements

We have audited the accompanying financial statements of Jewish Community Relations Council of Greater Boston, Inc. (a nonprofit organization) (the Council) which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of the Council as of September 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1(o) to the financial statements, the Council has adopted ASU No. 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited the Council's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 23, 2019. The prior year summarized comparative information is not intended to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Braintree, Massachusetts
March 12, 2020

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Statement of Financial Position

As of September 30, 2019

With Comparative Totals as of September 30, 2018

Assets

Current Assets	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 989,896	\$ 819,557
Investments	11,497	5,049
Accounts receivable, net	-	16,880
Promises to give	20,011	149,938
Prepaid expenses	<u>35,475</u>	<u>30,967</u>
Total current assets	<u>1,056,879</u>	<u>1,022,391</u>
Other Assets		
Notes receivable	<u>153,969</u>	<u>153,969</u>
Total Assets	<u>\$ 1,210,848</u>	<u>\$ 1,176,360</u>

Liabilities and Net Assets

Current Liabilities		
Accounts payable	\$ 59,673	\$ 21,846
Accrued expenses	64,960	37,720
Note payable - current	<u>6,214</u>	<u>6,214</u>
Total current liabilities	<u>130,847</u>	<u>65,780</u>
Long Term Liabilities		
Note payable - net of current portion and discount	<u>117,946</u>	<u>121,029</u>
Total Liabilities	<u>248,793</u>	<u>186,809</u>
Net Assets		
Net assets without donor restrictions	450,044	439,613
Net assets with donor restrictions	<u>512,011</u>	<u>549,938</u>
Total net assets	<u>962,055</u>	<u>989,551</u>
Total Liabilities and Net Assets	<u>\$ 1,210,848</u>	<u>\$ 1,176,360</u>

The accompanying notes are an integral part of the financial statements.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Statement of Activities

For the Year Ended September 30, 2019
With Comparative Totals for the Year Ended September 30, 2018

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
Revenue and Support				
Contributions and donations	\$ 1,828,853	\$ 520,011	\$ 2,348,864	\$ 2,588,364
Event fees and sponsorships	154,131	-	154,131	187,266
Released from restrictions	557,938	(557,938)	-	-
Investment income	<u>12,851</u>	<u>-</u>	<u>12,851</u>	<u>7,307</u>
Total revenue and support	<u>2,553,773</u>	<u>(37,927)</u>	<u>2,515,846</u>	<u>2,782,937</u>
Expenses				
Program services	2,057,863	-	2,057,863	2,112,457
General and administrative	268,689	-	268,689	246,459
Fundraising	<u>213,659</u>	<u>-</u>	<u>213,659</u>	<u>363,739</u>
Total expenses	<u>2,540,211</u>	<u>-</u>	<u>2,540,211</u>	<u>2,722,655</u>
Change in Net Assets from Operations	<u>13,562</u>	<u>(37,927)</u>	<u>(24,365)</u>	<u>60,282</u>
Non-Operating Expenses				
Accretion of discount on note payable	<u>(3,131)</u>	<u>-</u>	<u>(3,131)</u>	<u>(3,000)</u>
Change in Net Assets	10,431	(37,927)	(27,496)	57,282
Net Assets at Beginning of Year	<u>439,613</u>	<u>549,938</u>	<u>989,551</u>	<u>932,269</u>
Net Assets at End of Year	<u>\$ 450,044</u>	<u>\$ 512,011</u>	<u>\$ 962,055</u>	<u>\$ 989,551</u>

The accompanying notes are an integral part of the financial statements.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Statement of Cash Flows

For the Year Ended September 30, 2019
With Comparative Totals for the Year Ended September 30, 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (27,496)	\$ 57,282
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Accretion of discount on notes payable	3,131	3,000
Unrealized/Realized gains on investments	(6,177)	-
Decrease (increase) in assets:		
Accounts receivable, net	16,880	-
Promises to give	129,927	68,573
Prepaid expenses	(4,508)	5,770
Increase (decrease) in liabilities:		
Accounts payable	37,827	14,494
Accrued expenses	<u>27,240</u>	<u>(24,661)</u>
Net Cash Provided by Operating Activities	<u>176,824</u>	<u>124,458</u>
Cash Flows from Investing Activities		
Purchase of investments	<u>(271)</u>	<u>(5,049)</u>
Net Cash Used in Investing Activities	<u>(271)</u>	<u>(5,049)</u>
Cash Flows from Financing Activities		
Payments on note payable	<u>(6,214)</u>	<u>(6,214)</u>
Net Cash Used in Financing Activities	<u>(6,214)</u>	<u>(6,214)</u>
Net Increase in Cash and Cash Equivalents	170,339	113,195
Cash and Cash Equivalents - Beginning	<u>819,557</u>	<u>706,362</u>
Cash and Cash Equivalents - Ending	<u>\$ 989,896</u>	<u>\$ 819,557</u>

The accompanying notes are an integral part of the financial statements.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Statement of Functional Expenses

For the Year Ended September 30, 2019

With Comparative Totals for the Year Ended September 30, 2018

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2019 Total</u>	<u>2018 Total</u>
Salaries	\$ 1,205,293	\$ 88,787	\$ 153,065	\$ 1,447,145	\$ 1,539,390
Payroll taxes	83,371	6,027	11,049	100,447	108,715
Fringe benefits	142,145	10,276	18,838	171,259	207,411
Subtotal	<u>1,430,809</u>	<u>105,090</u>	<u>182,952</u>	<u>1,718,851</u>	<u>1,855,516</u>
Bank charges	-	4,621	-	4,621	6,078
Consultants	202,322	7,237	13,269	222,828	149,620
Dues and subscriptions	-	8,110	-	8,110	9,436
Equipment	-	2,204	-	2,204	10,885
Equipment rental and maintenance	2,240	55	101	2,396	26,057
Meals	31,472	696	1,277	33,445	43,916
Insurance	7,439	67	123	7,629	11,599
Meeting expenses	15,371	-	-	15,371	102,000
Membership fees	10,555	-	-	10,555	10,150
Miscellaneous expenses	5,506	10,496	-	16,002	49,758
Mission travel	136,528	-	-	136,528	154,666
Occupancy	108,457	7,840	14,374	130,671	134,131
Payroll service charges	-	10,526	-	10,526	7,230
Postage	832	1,446	-	2,278	2,831
Printing	15,138	38,325	-	53,463	32,605
Professional fees	4,437	52,932	-	57,369	11,424
Program meeting space	8,343	-	-	8,343	2,210
Program speakers	6,000	-	-	6,000	5,900
Sponsorships	5,024	-	-	5,024	3,230
Staff training	1,628	4,746	-	6,374	6,698
Supplies	6,627	195	359	7,181	4,299
Telephone	3,146	121	223	3,490	12,446
Travel	55,989	13,982	981	70,952	69,970
	<u>\$ 2,057,863</u>	<u>\$ 268,689</u>	<u>\$ 213,659</u>	<u>\$ 2,540,211</u>	<u>\$ 2,722,655</u>

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

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2019

(1) Summary of Significant Accounting Policies

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The significant accounting policies followed by Jewish Community Relations Council of Greater Boston, Inc. (the Council) are described below to enhance the usefulness of the financial statements to the reader.

(a) Nature of Activities

The Council was founded in 1944 and was incorporated in 1973 in the Commonwealth of Massachusetts as a not-for-profit corporation. Rooted in Jewish values and informed by Jewish history, the Council serves as the representative voice of the organized Jewish Community in the greater Boston area. The Council's mission also reflects the ideals of American democracy while serving as a catalyst for building a strong and vibrant Jewish community in Boston and around the world. The Council advocates for a safe and secure, democratic Jewish state of Israel and promotes an American society which is democratic, pluralistic and just.

In pursuit of its goals, the Council pursues an action agenda by forging collaborative partnerships within the Jewish community; and between the Jewish community and the broader society. To this end, the Council educates, assists and enables the Jewish community to pursue social justice. The Council advocates on issues of Jewish communal concern. The Council builds coalitions for effective action and opportunities for community involvement and convenes the community in times of crisis, celebration and commemoration.

These purposes are accomplished through the following program activities:

Social Justice - The Council works to engage members of Boston's Jewish community in the work of social justice through community service and community organizing, in partnership with other faith communities and a range of community based nonprofits. The four social justice program areas are: The Greater Boston Jewish Coalition for Literacy, which mobilizes hundreds of volunteers to provide weekly tutoring to elementary school children in under resourced urban elementary schools; TELEM, a teen service learning program which engages over 900 middle and high school students in ongoing community service (connected with specially prepared curricula); ReachOut!, which engages young adults in service, fosters their leadership and builds a cohesive community; and synagogue organizing, which involves leaders from area synagogues in organizing and advocacy in the public arena. The Council collaborates closely with the Greater Boston Interfaith Organization in grassroots community organizing.

The Council also provides Holocaust programming and education, in conjunction with the New England Holocaust Memorial.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2019

(1) Summary of Significant Accounting Policies - continued

(a) Nature of Activities - continued

Israel Engagement - The Council is committed to engaging with people from diverse backgrounds to foster civil dialogue and build support for Israel, the national homeland of the Jewish people. The Council pursues these goals by engaging in work such as community education, cultivating relationships throughout greater Boston, leading Study Tours to Israel with community leaders and supporting national efforts through our partnerships with the Jewish Council for Public Affairs. Study Tour participants are strategically selected influential leaders, including clergy and elected officials.

Government Affairs - Working together with the Massachusetts Association of Jewish Federations (MAJF), the Council brings together broad coalitions of Jewish agencies, organizations and individuals, to advocate for compassionate public policies and adequate funding to assist those most in need and improve the quality of life for all. Through successful collaborations with a variety of advocacy organizations in the broader community, the Council multiplies its impact and the reach of its contacts and fosters and develops relationships with governmental officials at the federal, state and local levels in order to achieve policy successes in the budgetary, administrative and legislative arenas.

(b) Basis of Presentation

The statement of activities reports all changes in net assets, including changes in net assets without donor restrictions from operating and non-operating activities. Operating revenues consist of those monies received and other contributions attributable to the Council's ongoing efforts. Non-operating expenses consist of the accretion of the discount on the Council's note payable, see Note 3.

(c) Standards of Accounting and Reporting

The Council's net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The statement of financial position presents two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) and the statement of activities displays the change in each class of net assets. The classes of net assets applicable to the Council are presented as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor imposed restrictions. Net assets without donor restrictions consist of assets and contributions available for the support of operations. These net assets may be designated for specific purposes by management or the Board of Directors. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless the underlying assets use is restricted by explicit donor stipulations or law.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2019

(1) Summary of Significant Accounting Policies - continued

(c) Standards of Accounting and Reporting - continued

Net Assets With Donor Restrictions - Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Council and/or passage of time. Contributions, gains and investment income that are restricted by the donor are reported as increases in net assets with donor restrictions if the restriction expires in the reporting period in which the contributions are recognized.

(d) Cash and Cash Equivalents

The Council considers all highly liquid investments purchased with an original maturity of three months or less which are neither held for nor restricted by donors for long-term purposes to be cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

The Council maintains its cash balances at several financial institutions located in Massachusetts. The cash balances are secured by the Federal Deposit Insurance Corporation (FDIC). At times these balances may exceed the federal insurance limits; however, the Council has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of September 30, 2019.

(e) Revenue Recognition

The Council earns revenue as follows:

Contributions - Contributions, which include both donations and grants, are recorded upon receipt or pledge as net assets without donor restrictions or net assets with donor restrictions support depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Special Events - Special event revenue is primarily derived from contributions collected and fees charged for admission at various sponsored events. Special events revenue is recognized when earned. Special events are incidental to the Council's operations and the related direct expenses have been reported with fundraising expense in the accompanying statement of activities.

During the year ended September 30, 2019, the Council derived approximately 60% of its total operating revenue from grants received from Combined Jewish Philanthropies (CJP), an unrelated nonprofit organization. In addition, during the year ended September 30, 2019, the Council received 6% of their total operating revenue from targeted gifts from donors to the Council, which flowed through CJP and 6% of their total operating revenue from special events. The remaining 28% of total operating revenue was from foundations and individuals. All revenue is recorded at estimated net realizable value.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2019

(1) Summary of Significant Accounting Policies - continued

(f) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of September 30, 2019, management has determined any allowance would be immaterial.

The Council does not have a policy to accrue interest on receivables. The Council has no policies requiring collateral or other security to secure the accounts receivable.

(g) Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date.

Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful accounts. Management estimates the allowance by review of historical experience and a specific review of collections trends that differ from scheduled collections on individual promises. As of September 30, 2019, management has determined any allowance would be immaterial. All pledges receivable as of September 30, 2019 are expected to be collected during fiscal year 2019.

(h) Fundraising

Fundraising relates to the activities of raising general and specific contributions for the Council. Fundraising expenses as a percentage of total contribution and special event revenue was 9% for the year ended September 30, 2019. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

(i) Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Council.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2019

(1) Summary of Significant Accounting Policies - continued

(i) Functional Allocation of Expenses - continued

Payroll and associated costs are allocated to functions based upon actual time charges. Occupancy costs are allocated based upon the allocation of salary.

(j) Use of Estimates

In preparing the Council's financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(k) Income Taxes

The Council qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally not subject to income tax. However, income from certain activities not directly related to the Council's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Council is not a private foundation under Section 509(a)(1) of the IRC.

(l) Investments

The Council records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Interest and dividends are recorded when earned. Gains and losses are recognized as incurred or based on fair value changes during the period. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct investment expenses. Investments are exposed to risks such as interest rate, credit and overall market volatility.

(m) Summarized Financial Information for 2018

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, the financial statements do not include a full presentation of the statement of functional expenses for the year ended September 30, 2018. In addition, the financial statements do not include full financial statement disclosures for the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended September 30, 2018, from which the summarized information was derived.

(n) Compensated Absences

Vacation and sick pay are considered expenditures in the year paid.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2019

(1) Summary of Significant Accounting Policies - continued

(o) Recent Accounting Standard Adopted

In August 2016, the Financial Accounting Standards Board issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources and the lack of consistency in the type of information provided about expenses and investment return. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017. As a result, the Council has adopted this ASU as of and for the year ended September 30, 2019 with retrospective application for the 2018 financial statements. As a result, the investment expenses are netted against investment return on the statements of activities. In addition, the Council change its presentation of its net asset classes and expanded the footnote disclosures as required by the ASU, with no effect on previously reported change in net assets. Other than these reclassifications, the adoption of ASU 2016-14 did not have a material impact on the Council's financial position, results of activities or cash flows.

(p) Reclassifications

In addition to the reclassifications described in the above disclosure, certain amounts in the prior year have been reclassified to conform to the current year presentation.

(2) Notes Receivable

In May 2006, various individuals and organizations donated funds to the Council for the purpose of loaning said funds to Boston Community Capital to assist with the development of affordable housing in the Boston area.

The Council participated directly in this initiative by entering into a note receivable with Boston Community Capital totaling \$138,969 at 2% interest dated December 12, 2004. The note required interest only payments each June with the principal balance due on June 30, 2019. During the year ended September 30, 2019, the note was extended until June 30, 2024 with an interest rate of 3%. As of September 30, 2019, the note receivable amounted to \$138,969.

The Council participated directly in this initiative by entering into another note receivable with Boston Community Capital totaling \$15,000 at 2% interest dated December 12, 2004. The note requires interest only payments each June with the balance due when called upon, however, it is not the Council's intention to call this note in 2020. As of September 30, 2019, the note receivable amounted to \$15,000.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2019

(3) Note Payable

An interest free loan in the original amount of \$186,421 was extended by CJP effective June 30, 2016 to assist the Council in funding the pension liability of a former employee as well as to repay the remaining balance on an old CJP note. On or about December 31 of each year, commencing with December 31, 2016, and ending on December 31, 2045, the Council will provide CJP a payment of \$6,214 to be applied to the outstanding principal of the loan. As of September 30, 2019, the outstanding balance on the note payable amounted to \$167,779.

In accordance with U.S. GAAP, a discount is required to be calculated on the non-interest bearing note payable for imputed interest. This discount was calculated in accordance with a risk free rate of return, determined by management to be the U.S. Treasury's 30-year Daily Yield Curve rate as of the date of the note issuance, June 30, 2016, which was 2.30%. As of September 30, 2019, this discount was determined to be \$43,619 which is netted against the corresponding note payable in the accompanying statement of financial position. This discount will decline annually as principal payments are made. A corresponding interest expense will be recorded in relation to the discount and will be included as non-operating expense on the accompanying statement of activities as accretion of discount.

Future minimum payments are as follows:

Year ended September 30, 2020	\$	6,214
Year ended September 30, 2021		6,214
Year ended September 30, 2022		6,214
Year ended September 30, 2023		6,214
Year ended September 30, 2024		6,214
Total continuing equal annual payments owed through 2045		136,709

(4) Operating Lease Commitments

The Council is a tenant-at-will for office space in Boston, MA owned by CJP. The Council pays monthly rent which includes occupancy, common area maintenance and utility costs. Total rent expenses for the year ended September 30, 2019 totaled \$130,671.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2019

(5) Net Assets With Donor Restriction

Net assets with donor restrictions consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of September 30, 2019, net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for a specified purpose:		
New England Holocaust Memorial	\$	92,000
Subject to the passage of time:		
For use in fiscal year 2020		<u>420,011</u>
Total net assets with donor restrictions	\$	<u>512,011</u>

(6) Specific Program Expenses - Unaudited

The Council has allocated direct and administrative expenses to the following projects for 2019:

Designated Program Expenses

Service Programs		
TELEM	\$	262,574
Greater Boston Jewish Coalition for Literacy		210,881
ReachOut!		158,814
MLK Day of Service		<u>37,671</u>
Total Service Programs		669,940
Advocacy and Organization		
Synagogue Organizing		145,345
Government Affairs		279,158
Total Advocacy and Organization		424,503
Community Relations		
Community Relations		295,051
NE Holocaust Memorial		<u>140,251</u>
Total Community Outreach		435,302
Israel Engagement Center		<u>528,118</u>
Total Israel Engagement Center		<u>528,118</u>
Total allocated expenses	\$	<u>2,057,863</u>

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2019

(7) Employee Benefits

(a) Defined Contribution Plan

The Council has a defined contribution pension plan that qualifies as a tax-sheltered account under Section 403(b)(7) of the IRC for the benefit of eligible employees. All regular employees are eligible to participate in this plan. Under the plan, benefit eligible employees can invest pre-tax dollars. The employees are not taxed on contributions or earnings until they receive distributions from the account. During the year ended September 30, 2019, the Council's contributions under this plan amounted to \$23,391.

(b) Section 125 Plan

The Council has a plan that qualifies as a "Cafeteria Plan" under Section 125 of the IRC. The plan allows the Council's employees to pay for medical and dental insurance and daycare on a pre-tax basis. All employees whose customary employment is at least 20 hours per week are eligible to participate in the plan.

(8) Concentrations

The Council is significantly supported by CJP, an unrelated nonprofit organization with similar missions and goals to that of the Council. CJP accounted for, or passed through, a significant portion of the Council's operating revenue during the year ended September 30, 2019, see Note 1E. The Council's notes payable are held by CJP, see Note 3, and the Council also rents their office space from CJP, see Note 4.

(9) Liquidity and Availability of Resources

The following reflects the Council's financial assets as of September 30, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year from the statement of financial position date.

Financial assets at year end	
Cash and cash equivalents	\$ 989,896
Investments	11,497
Accounts receivable, net	<u>20,011</u>
Total	<u>1,021,404</u>
Less amounts unavailable for general expenditures without one year, due to:	
Restricted by donors for specific purposes	<u>92,000</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>929,404</u></u>

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2019

(9) Liquidity and Availability of Resources - continued

The Council is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Council must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Council's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Council has invested cash in short-term investments.

(10) Subsequent Events

The Council has performed an evaluation of subsequent events through March 12, 2020, which is the date the Council's financial statements were available to be issued. No material subsequent events have occurred, other than those disclosed below, since September 30, 2019 that required recognition or disclosure in these financial statements.

Subsequent to year end, the Council amended the note payable due to CJP, see Note 3, for an additional \$20,003.



March 12, 2020

To the Board of Directors of
Jewish Community Relations Council of Greater Boston, Inc.

In planning and performing our audit of the financial statements of Jewish Community Relations Council of Greater Boston, Inc. (the Council) as of and for the year ended September 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Council's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

However, during our audit, we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated March 12, 2020, on the financial statements of the Council.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Council personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

General

During our audit, we noted substantial improvement in the Council's books and records as compared to our audit for the 2018 fiscal year-end. We know that fiscal year 2019 was a major year of transition for the Council in their accounting department. While this transition resulted in the Council having delayed financial reporting for fiscal year 2019, as well as a day-to-day system that was not operating at full capacity for part of the year (due to various positions being vacant until an outside bookkeeping firm was hired) the improvement in the Council's accounting processes were evident.

Due to the challenges of the transition, there were delays in the 2019 year-end financial close, resulting in the Council providing multiple sets of records to the firm to be audited, as the Council worked through certain issues on a real-time basis. We would recommend that the Council revisit their year-end close procedures to ensure that an accurate set of records can be produced for the Council on a timely basis. We would anticipate that a full-year of continuity in the accounting department would allow this to take place for fiscal year 2020.

Jewish Community Relations Council of Greater Boston, Inc.
September 30, 2019

Cash Reconciliations - Journal Entries

During our audit, we noted that, in an attempt to further clean up records in fiscal year 2020, cash balances were affected for 2019 causing bank reconciliation discrepancies. These discrepancies were the result of recording transactions that crossed fiscal periods. We applaud the Council for working towards such clean-up but would suggest that journal entries are recorded carefully, and fully reviewed, to ensure that prior periods and cash balances are not affected.

Cost Allocations

During our audit, we noted that informal time studies were used for payroll cost allocations. We recommend that accounting department uses formalized time studies in the future and that these are conducted on a specific periodic basis.

We wish to thank the Director of Operations & Finance and his department for their support and assistance during our audit.

This communication is intended solely for the information and use of the management and others within the Council and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink that reads "Namin P. Martini & Associates, P.C." The signature is written in a cursive style.

March 12, 2020
Braintree, Massachusetts