



Jewish Community Relations
Council of Greater Boston, Inc.
Financial Statements
September 30, 2020

Kevin P. Martin & Associates, P.C.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Index

September 30, 2020

Independent Auditors' Report

Financial Statements:

Statement of Financial Position as of September 30, 2020 with Comparative Totals as of September 30, 2019	1
Statement of Activities for the Year Ended September 30, 2020 with Comparative Totals for the Year Ended September 30, 2019	2
Statement of Cash Flows for the Year Ended September 30, 2020 with Comparative Totals for the Year Ended September 30, 2019	3
Statement of Functional Expenses for the Year Ended September 30, 2020 with Comparative Totals for the Year Ended September 30, 2019	4
Notes to Financial Statements	5 - 19



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, 2020, 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, 2020, 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 - Accounting Standard Update

As discussed in Note 1 to the financial statements, the Council has adopted ASU No. 2018-08, *Clarified Scope and Accounting Guidance for Contributions Received and Made*. Our opinion is not modified with respect to these matters.

Emphasis of Matter - Prior Period Adjustments

As discussed in Note 12 to the financial statements, the Council's September 30, 2019 accrued expenses and net asset balances have been restated as the result of the correction of an error and a change in accounting policy. Our opinion is not modified with respect to these matters.

Report on Summarized Comparative Information

We have previously audited the Council's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 12, 2020. 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, 2019, is consistent, except as described above, in all material respects, with the audited financial statements from which it has been derived.



Braintree, Massachusetts
March 3, 2021

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Statement of Financial Position

As of September 30, 2020

With Comparative Totals as of September 30, 2019

Assets

Current Assets	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 989,775	\$ 989,896
Investments	18,087	11,497
Accounts receivable, net	1,004	-
Promises to give	307,278	20,011
Prepaid expenses	<u>17,253</u>	<u>35,475</u>
Total current assets	<u>1,333,397</u>	<u>1,056,879</u>
Other Assets		
Notes receivable	<u>153,969</u>	<u>153,969</u>
Total Assets	<u>\$ 1,487,366</u>	<u>\$ 1,210,848</u>

Liabilities and Net Assets

Current Liabilities		
Accounts payable	\$ 14,570	\$ 59,673
Accrued expenses, as restated	107,120	219,146
Note payable - current	6,214	6,214
Note payable - paycheck protection program	<u>311,955</u>	<u>-</u>
Total current liabilities	<u>439,859</u>	<u>285,033</u>
Long Term Liabilities		
Note payable - net of current portion and discount	<u>134,808</u>	<u>117,946</u>
Total Liabilities	<u>574,667</u>	<u>402,979</u>
Net Assets		
Net assets without donor restrictions, as restated	348,668	295,858
Net assets with donor restrictions	<u>564,031</u>	<u>512,011</u>
Total net assets, as restated	<u>912,699</u>	<u>807,869</u>
Total Liabilities and Net Assets	<u>\$ 1,487,366</u>	<u>\$ 1,210,848</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, 2020

With Comparative Totals for the Year Ended September 30, 2019

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
Revenue and Support				
Contributions and donations	\$ 1,850,378	\$ 533,045	\$ 2,383,423	\$ 2,348,864
Special event fees and sponsorships	9,316	-	9,316	154,131
In-kind donations	89,825	-	89,825	-
Released from restrictions	481,025	(481,025)	-	-
Investment income, net	3,418	-	3,418	12,851
	<u>2,433,962</u>	<u>52,020</u>	<u>2,485,982</u>	<u>2,515,846</u>
Total revenue and support				
Expenses				
Program services	1,870,120	-	1,870,120	2,057,863
General and administrative	306,661	-	306,661	268,689
Fundraising	201,298	-	201,298	213,659
	<u>2,378,079</u>	<u>-</u>	<u>2,378,079</u>	<u>2,540,211</u>
Total expenses				
Change in Net Assets from Operations	<u>55,883</u>	<u>52,020</u>	<u>107,903</u>	<u>(24,365)</u>
Non-Operating Expenses				
Accretion of discount on note payable	<u>(3,073)</u>	<u>-</u>	<u>(3,073)</u>	<u>(3,131)</u>
Change in Net Assets	52,810	52,020	104,830	(27,496)
Net Assets at Beginning of Year, as restated	<u>295,858</u>	<u>512,011</u>	<u>807,869</u>	<u>835,365</u>
Net Assets at End of Year, as restated	<u>\$ 348,668</u>	<u>\$ 564,031</u>	<u>\$ 912,699</u>	<u>\$ 807,869</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, 2020
With Comparative Totals for the Year Ended September 30, 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 104,830	\$ (27,496)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Accretion of discount on notes payable	3,073	3,131
Donated stock	(9,921)	-
Unrealized/Realized gains on investments	3,891	(6,177)
Decrease (increase) in assets:		
Accounts receivable, net	(1,004)	16,880
Promises to give	(287,267)	129,927
Prepaid expenses	18,222	(4,508)
Increase (decrease) in liabilities:		
Accounts payable	(45,103)	37,827
Accrued expenses	<u>(112,026)</u>	<u>27,240</u>
Net Cash (Used in) Provided by Operating Activities	<u>(325,305)</u>	<u>176,824</u>
Cash Flows from Investing Activities		
Purchase of investments	<u>(560)</u>	<u>(271)</u>
Net Cash Used in Investing Activities	<u>(560)</u>	<u>(271)</u>
Cash Flows from Financing Activities		
Process from note payable - paycheck protection program	311,955	-
Proceeds from note payable	20,003	-
Payments on note payable	<u>(6,214)</u>	<u>(6,214)</u>
Net Cash Provided by (Used in) Financing Activities	<u>325,744</u>	<u>(6,214)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(121)	170,339
Cash and Cash Equivalents - Beginning	<u>989,896</u>	<u>819,557</u>
Cash and Cash Equivalents - Ending	<u>\$ 989,775</u>	<u>\$ 989,896</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, 2020

With Comparative Totals for the Year Ended September 30, 2019

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2020 Total</u>	<u>2019 Total</u>
Salaries	\$ 1,186,537	\$ 76,264	\$ 123,826	\$ 1,386,627	\$ 1,447,145
Payroll taxes	85,798	5,515	8,954	100,267	100,447
Fringe benefits	221,179	14,216	23,082	258,477	176,274
Subtotal	<u>1,493,514</u>	<u>95,995</u>	<u>155,862</u>	<u>1,745,371</u>	<u>1,723,866</u>
Bank charges	3,102	581	194	3,877	4,621
Consultants	103,348	37,240	13,601	154,189	217,813
In-kind legal services	8,983	80,842	-	89,825	-
Dues and subscriptions	6,554	13	-	6,567	8,110
Equipment	-	7,316	1,924	9,240	2,204
Equipment rental and maintenance	106	426	-	532	2,396
Meals	3,348	2,784	426	6,558	33,445
Insurance	10,419	1,954	651	13,024	7,629
Meeting expenses	5,697	1,943	53	7,693	15,371
Membership fees	-	-	-	-	10,555
Miscellaneous expenses	5,540	-	3,633	9,173	16,002
Mission travel	61,422	-	-	61,422	136,528
Occupancy	121,126	14,250	7,125	142,501	130,671
Payroll service charges	7,517	1,410	470	9,397	10,526
Postage	21	957	-	978	2,278
Printing	5,338	70	16,221	21,629	53,463
Professional fees	-	58,087	-	58,087	57,369
Program meeting space	286	-	-	286	8,343
Program speakers	500	-	-	500	6,000
Sponsorships	600	-	-	600	5,024
Staff training	4,500	812	417	5,729	6,374
Supplies	1,774	217	72	2,063	7,181
Telephone	3,028	296	98	3,422	3,490
Travel	23,397	1,468	551	25,416	70,952
	<u>\$ 1,870,120</u>	<u>\$ 306,661</u>	<u>\$ 201,298</u>	<u>\$ 2,378,079</u>	<u>\$ 2,540,211</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, 2020

(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, 2020

(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 4.

(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, 2020

(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, 2020.

(e) Revenue Recognition

The Council earns revenue as follows:

Contributions - In accordance with ASC Sub Topic 958-605, *Revenue Recognition*, the Council 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 measurable performance-related barrier or other 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 Council 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.

Contributions without donor restrictions are recognized as revenue when received or unconditionally pledged. Contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as services are performed and costs are incurred pro-rata over the period covered by the grant or contribution as time restrictions lapse. Contributions with donor restrictions received and satisfied in the same period are included in grants and contributions without donor restrictions.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2020

(1) Summary of Significant Accounting Policies - continued

(e) Revenue Recognition - continued

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.

Donated Services - Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Council.

During the year ended September 30, 2020, the Council derived approximately 72% 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, 2020, the Council received 4% of their total operating revenue from targeted gifts from donors to the Council, which flowed through CJP. The remaining 24% of total operating revenue was predominantly from foundations and individuals. All revenue is recorded at estimated net realizable value.

(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, 2020, 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, 2020, management has determined any allowance would be immaterial. All pledges receivable as of September 30, 2020 are expected to be collected during fiscal year 2021.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2020

(1) Summary of Significant Accounting Policies - continued

(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 8% for the year ended September 30, 2020. 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.

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.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2020

(1) Summary of Significant Accounting Policies - continued

(m) Fair Value Measurements

U.S. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels used to measure fair value are as follows:

Level 1: Quoted prices for identical instruments in active markets.

Level 2: Observable inputs other than quoted prices included in Level 1. Assets and liabilities included in this level are valued using quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant inputs to the valuation model are unobservable.

Recurring Fair Value Measurements

In accordance with U.S. GAAP, certain assets and liabilities are required to be recorded at fair value on a recurring basis. The Council's assets that are adjusted to fair value on a recurring basis are described below. The Council currently has no liabilities that are adjusted to fair value on a recurring basis.

The following section describes the valuation methodologies used to measure assets financial assets and liabilities at fair value on a recurring basis.

Investments in Equity Securities: Quoted market prices, a Level 1 input, are used to determine the fair value of investment securities. See Note 3 for details of the Council's investments in equity securities.

The following tables summarize assets measured at fair value on a recurring basis as of September 30, 2020.

	Level 1		Level 2		Level 3		Total
Investments	\$ 18,087	\$	-	\$	-	\$	18,087
	\$ 18,087	\$	-	\$	-	\$	18,087

The Council's policy is to recognize transfers in and out of levels as of the date an event or change in circumstances causes the transfer.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2020

(1) Summary of Significant Accounting Policies - continued

(m) Fair Value Measurements - continued

Nonrecurring Fair Value Measurements

In addition to assets and liabilities that are recorded at fair value on a recurring basis, the Council records assets and liabilities at fair value on a nonrecurring basis as required by U.S. GAAP. The Council currently has no assets that are adjusted to fair value on a nonrecurring basis. During the year ended September 30, 2020, the Council did adjust their non-interest bearing note payable to CJP to fair value due to a change in terms of the note during the year, see Note 4 for more information including the valuation techniques and inputs used in this Level 2 measurement.

(n) Summarized Financial Information for 2019

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, 2019. 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, 2019, from which the summarized information was derived.

(o) Recent Accounting Standard Adopted

On October 1, 2019, the Council adopted ASU 2018-08, *Not-for Profit Entities (Topic 958), Clarified Scope and Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify and improve the guidance in U.S. GAAP for distinguishing transactions that are contributions from those that are exchange transactions. The ASU also provides guidance for determining if a contribution that is a promise to give is conditional. The Council adopted the ASU using a modified prospective method effective October 1, 2019. Under the modified prospective method, this ASU only applies to agreements not completed or entered into (revenue or expense that has not yet been recognized) as of October 1, 2019. As a result, the 2018 financial statements are not restated and there was no cumulative effect adjustment to opening net assets as of October 1, 2019.

(p) Recent Accounting Standards

In June 2020, FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*. ASU 2020-05 deferred the implementation date of ASU 2016-02 and ASU 2014-09 by one year. These ASUs are described below.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2020

(1) Summary of Significant Accounting Policies - continued

(p) *Recent Accounting Standards - continued*

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, ASC 606). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: Step 1 - Identify the contract(s) with the customer; Step 2 - Identify the performance obligations in the contract; Step 3 - Determine the transaction price; Step 4 - Allocate the transaction price to the performance obligations in the contract and Step 5 - Recognize revenue when (or as) the entity satisfies a performance obligation. Services within the scope of ASU 2014-09 primarily include program service fees. The ASU was set to be effective for fiscal years beginning after December 15, 2018 and has been extended to be effective for fiscal years beginning after December 15, 2019. The Council is currently evaluating the impact the adoption of this new standard will have on its financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)* which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today.

The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU was set to be effective on January 1, 2021, with early adoption permitted. The effective date was extended to fiscal years beginning after December 15, 2021. The Council is currently evaluating the impact the adoption of this new standard will have on its financial statements.

In July 2018, FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases* and ASU 2018-11, *Leases (Topic 842), Targeted Improvements*. In December 2018, FASB issued ASU 2018-20, *Leases (Topic 842), Narrow-Scope Improvements for Lessors*. Adoption of these ASUs will run concurrent with the Council's adoption of ASU 2016-02.

(q) *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.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2020

(1) Summary of Significant Accounting Policies - continued

(r) Compensated Absences - Change in Accounting Policy

During the year ended September 30, 2020, the Council changed their accounting policy concerning compensated absences for vacation time to expense that time as earned; see Note 12. This accounting policy is preferred for the Council as it records the related salary expense in the period that it is incurred.

(s) Notes Receivable

Notes receivable have been valued at an amount not greater than cost, less an allowance for losses. Interest is recognized monthly as it accrues. The Council calculates allowances for uncollectible loans based on its previous loss experience. Individual loans are written off against the reserve when they are deemed uncollectible, and increases in the reserve are charged to loan loss reserve. All notes are due from Boston Community Capital, see Note 2. As of September 30, 2020, management has determined any allowance would be immaterial.

(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, 2020, 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 fiscal year 2021. As of September 30, 2020, the note receivable amounted to \$15,000.

As of September 30, 2020, no notes receivable are past due.

(3) Investments

Investments are valued at fair value using level 1 inputs, unadjusted quoted prices in active markets, and are comprised entirely of domestic equity securities as of September 30, 2020 totaling \$18,087.

The marketable equity securities primarily consist of common stock of companies traded on the New York Stock Exchange. Management fees were immaterial for the year ended September 30, 2020 and are included with investment revenue, net on the accompanying statement of activities.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2020

(4) Note Payable - CJP

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 January 1, 2020 CJP issued an addendum agreeing to provide an additional \$20,003 and extending the maturity to 2049. On or about December 31 of each year, commencing with December 31, 2016, and ending during 2049, the Council will provide CJP a payment of \$6,214 to be applied to the outstanding principal of the loan. As of September 30, 2020, the outstanding balance on the note payable amounted to \$181,568.

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, as a Level 2 Fair Value Measurement, 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 last amendment, January 1, 2020, which was 1.59%. As of September 30, 2020, this discount was determined to be \$40,546 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, 2021	\$	6,214
Year ended September 30, 2022		6,214
Year ended September 30, 2023		6,214
Year ended September 30, 2024		6,214
Year ended September 30, 2025		6,214
Total continuing equal annual payments owed through 2049		150,498

(5) Note Payable - Paycheck Protection Program

In June 2020, in response to the COVID-19 pandemic, the SBA established the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Loans provided through the PPP were designed to provide direct incentive for small businesses to keep their workers on payroll. During the year ended September 30, 2020, the Council entered into a PPP note payable with People's United Bank in the original amount of \$311,955. No principal payments are required until maturity. The note accrues interest at 1% and matures April 2022. The SBA will forgive the principal and interest on PPP loans so long as all employee retention criteria are met and the funds are used for eligible expenses. Management intends to complete the necessary application for forgiveness during the year ended September 30, 2021. As of the report date, management has estimated the entire amount will be will be forgiven during the year ended September 30, 2021 and has included this amount in current notes payable on the statement of financial position as of September 30, 2020. As of September 30, 2020, the principal balance due was \$311,955.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2020

(6) 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, 2020 totaled \$142,501.

(7) 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, 2020, net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for a specified purpose:	
New England Holocaust Memorial	\$ 30,986
Subject to the passage of time:	
For use in fiscal year 2021	<u>533,045</u>
Total net assets with donor restrictions	<u>\$ 564,031</u>

Net assets released from restrictions during the year ended September 30, 2020 were \$481,205, of which \$61,014 was from program restrictions and \$420,011 was from time restrictions.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2020

(8) Specific Program Expenses - Unaudited

The Council has allocated direct and administrative expenses to the following projects for 2020:

Designated Program Expenses

Service Programs		
TELEM	\$ 223,947	
Greater Boston Jewish Coalition for Literacy	182,983	
ReachOut!	120,064	
MLK Day of Service	<u>47,021</u>	
Total Service Programs		574,016
Advocacy and Organization		
Synagogue Organizing	196,998	
Government Affairs	<u>256,856</u>	
Total Advocacy and Organization		453,854
Community Relations		
Community Relations	357,383	
NE Holocaust Memorial	<u>133,625</u>	
Total Community Outreach		491,008
Israel Engagement Center	<u>351,242</u>	
Total Israel Engagement Center		<u>351,242</u>
Total allocated expenses		\$ <u>1,870,120</u>

(9) 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, 2020, the Council's contributions under this plan amounted to \$54,610.

(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.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2020

(10) 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, 2020, see Note 1(e). The Council's notes payable are held by CJP, see Note 4, and the Council also rents their office space from CJP, see Note 6.

(11) Liquidity and Availability of Resources

The following reflects the Council's financial assets as of September 30, 2020, 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	\$ 989,775
Investments	18,087
Accounts receivable, net	1,004
Promises to give	<u>307,278</u>
Total	<u>1,316,144</u>
Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors for specific purposes	<u>30,986</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>1,285,158</u>

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.

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2020

(12) Prior Period Adjustments

During the year ended September 30, 2020, it was determined that there were two matters that needed to be implemented to properly state prior years' net assets. Both have been recorded as prior period adjustments. Prior period financial statements have not been reissued.

The first prior period adjustment involved the correction of an error for the recording of unemployment benefits due from prior years that were discovered during the year ended September 30, 2020 in the amount of \$89,667.

The second prior period adjustment was recorded for a change in accounting policy for accrued vacation in the amount of \$64,519; see Note 1(r). The restatement decreased the preceding years' net asset balances.

The September 30, 2019 accrued expenses have been restated as follows:

Accrued expenses, as of September 30, 2019, as previously reported	\$ 64,960
Prior period adjustment - unemployment benefits	89,667
Prior period adjustment - change in accounting policy	<u>64,519</u>
Accrued expenses, as of September 30, 2019, as restated	<u><u>\$ 219,146</u></u>

The September 30, 2019 net assets without donor restrictions have been restated as follows:

Net assets without donor restrictions, as of September 30, 2019, as previously reported	\$ 450,044
Prior period adjustment - unemployment benefits	(89,667)
Prior period adjustment - change in accounting policy	<u>(64,519)</u>
Net assets without donor restrictions, as of September 30, 2019, as restated	<u><u>\$ 295,858</u></u>

The September 30, 2019 total net assets have been restated as follows:

Net assets, as of September 30, 2019, as previously reported	\$ 962,055
Prior period adjustment - unemployment benefits	(89,667)
Prior period adjustment - change in accounting policy	<u>(64,519)</u>
Net assets, as of September 30, 2019, as restated	<u><u>\$ 807,869</u></u>

JEWISH COMMUNITY RELATIONS COUNCIL OF GREATER BOSTON, INC.

Notes to Financial Statements

September 30, 2020

(13) COVID-19 - Risk and Uncertainties

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. At this stage, the limited impact to the Council resulted in a loss of revenues and other adverse effects to the Council's financial position, results of operations, and cash flows. As described in Note 5, the Council received a PPP loan. Further, the Council's liquidity as of September 30, 2020 is documented at Note 11. The Council is not able to estimate the length or severity of this outbreak and the related financial impact. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effects on the Council's operations continue for an extended period of time the Council may have to seek alternative measures to finance its operations. The Council does not believe that the impact of COVID-19 would have a material adverse effect on its financial condition or liquidity.

(15) Subsequent Events

The Council has performed an evaluation of subsequent events through March 3, 2021, which is the date the Council's financial statements were available to be issued. No material subsequent events have occurred since September 30, 2020 that required recognition or disclosure in these financial statements.



March 3, 2021

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, 2020, 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 3, 2021, 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 that there was unemployment insurance expense discovered by the Council that was due to the Commonwealth of Massachusetts for amounts relating back as far as 2013. This expense resulted in a prior period adjustment to correct the error. The omission of these amounts appears to stem from control deficiencies that existed at the Council under prior financial management. It is our understanding that the Council now has in place controls to ensure these unrecorded liabilities do not repeat in the future.

During our audit, we noted that net assets did not roll forward properly from the prior year due to the manner in which donor restrictions were released within the general ledger. We recommend that the beginning net assets be compared to the prior year financial statements during all internal financial reporting preparation to ensure that net assets properly roll forward.

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.

Jewish Community Relations Council of Greater Boston, Inc.
September 30, 2020

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,



Namin P. Martini & Chunto P.C.

March 3, 2021
Braintree, Massachusetts



March 3, 2021

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, 2020, and we will issue our report thereon dated March 3, 2021. 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 March 3, 2021. 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 Corporation are described in Note 1 to the financial statements. As described in Note 1(m), the Organization changed accounting policies related to distinguishing contributions from exchange transactions by adopting FASB Accounting Standards Update No. ASU 2018-08, *Clarified Scope and Accounting Guidance for Contributions Received and Made*. Accordingly, the accounting changes have been retrospectively applied to prior periods presented as if the policy has always been used. During the year ended September 30, 2020, the Council also changed its accrued vacation policy to begin recording the expense as earned by employees versus paid to employees. Due to the change in accounting policy, there was a prior period adjustment made to the financial statement to reflect the accrued vacation balance for the year ended September 30, 2019, and its effect on net assets as of September 30, 2019. Other than the accounting policies noted above, no new accounting policies were adopted and the application of existing policies was not changed during 2020. 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 pledge's 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.

During the year, the Council did discover and make a correction of an error concerning prior year financial statements and unrecorded liabilities. This is further disclosed in Note 11 to the financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on 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 3, 2021.

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.