

**JEWISH FAMILY & VOCATIONAL
SERVICE OF MIDDLESEX COUNTY, INC.**

December 31, 2016

**BEDARD, KUROWICKI & CO., CPA'S, PC
CERTIFIED PUBLIC ACCOUNTANTS**

**JEWISH FAMILY & VOCATIONAL
SERVICE OF MIDDLESEX COUNTY, INC.**

For the Year Ended December 31, 2016

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Independent Auditors' Report

Board of Directors
Jewish Family & Vocational Service
of Middlesex County, Inc.
Milltown, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of Jewish Family & Vocational Service of Middlesex County, Inc. (a non-profit organization) which comprise the Statement of Financial Position as of December 31, 2016, and the related Statements of Activities and Changes in Net Assets, 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, which include 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 and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain 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 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 Jewish Family & Vocational Service of Middlesex County, Inc. as of December 31, 2016 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulation (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the purpose of additional analysis, and is not a required part of the basic financial statements. Such information is the responsibility of management and derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for the portion marked "unaudited" on which we express no opinion has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 24, 2017 on our consideration of Jewish Family & Vocational Service of Middlesex County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Jewish Family & Vocational Service of Middlesex County, Inc.'s internal control over financial reporting and compliance.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC

May 24, 2017
Flemington, New Jersey

**JEWISH FAMILY & VOCATIONAL
SERVICE OF MIDDLESEX COUNTY, INC.
Statement of Financial Position
December 31, 2016**

ASSETS

Current assets	
Cash and cash equivalents	\$ 843,408
Client fees receivable	14,180
Grants receivable, net of allowance for doubtful accounts of \$13,211	175,382
Prepaid expenses	26,914
Total current assets	1,059,884
Property and equipment, net of accumulated depreciation of \$174,516	29,608
Other assets	
Security deposits	4,011
Cash - restricted	18,000
Total other assets	22,011
Total assets	\$ 1,111,503

LIABILITIES AND NET ASSETS

Current liabilities	
Current maturities of Jewish Federation loan payable	\$ 7,127
Current maturities of deferred interest	4,873
Accounts payable	178,065
Accrued expenses	79,066
Payroll and related taxes payable	51,258
Deferred revenue	82,295
Total current liabilities	402,684
Long-term liabilities	
Jewish Federation loan payable, net of current maturities	104,762
Deferred interest, net of current maturities	28,420
Total liabilities	535,866
Net assets	
Unrestricted	295,658
Temporarily restricted	261,979
Permanently restricted	18,000
Total net assets	575,637
Total liabilities and net assets	\$ 1,111,503

See accompanying notes to the financial statements.

**JEWISH FAMILY & VOCATIONAL
SERVICE OF MIDDLESEX COUNTY, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Support and revenue				
Support				
Contribution and fundraising				
revenue	\$ 439,410	\$ -	\$ -	\$ 439,410
United Way	30,757	-	-	30,757
Jewish Federation	388,995	-	-	388,995
Foundation grants	1,323,199	-	-	1,323,199
Government grants	1,044,267	-	-	1,044,267
Net assets released from restriction	101,108	(101,108)	-	-
Total support	<u>3,327,736</u>	<u>(101,108)</u>	<u>-</u>	<u>3,226,628</u>
Revenue				
Client fees	263,586	-	-	263,586
Other income	7,049	-	-	7,049
Total revenue	<u>270,635</u>	<u>-</u>	<u>-</u>	<u>270,635</u>
Total support and revenue	3,598,371	(101,108)	-	3,497,263
Expenses				
Program services				
Counseling	434,638	-	-	434,638
Elderly	2,304,990	-	-	2,304,990
Vocational services	408,086	-	-	408,086
Community outreach	117,556	-	-	117,556
Total program services	<u>3,265,270</u>	<u>-</u>	<u>-</u>	<u>3,265,270</u>
Management and general	102,602	-	-	102,602
Fundraising	124,010	-	-	124,010
Total expenses	<u>3,491,882</u>	<u>-</u>	<u>-</u>	<u>3,491,882</u>
Increase (decrease) in net assets	106,489	(101,108)	-	5,381
Net assets - beginning of the year	<u>189,169</u>	<u>363,087</u>	<u>18,000</u>	<u>570,256</u>
Net assets - end of the year	<u>\$ 295,658</u>	<u>\$ 261,979</u>	<u>\$ 18,000</u>	<u>\$ 575,637</u>

See accompanying notes to the financial statements.

**JEWISH FAMILY & VOCATIONAL
SERVICE OF MIDDLESEX COUNTY, INC.
Statement of Cash Flows
For the Year Ended December 31, 2016**

Cash flows from operating activities	
Increase in net assets	\$ 5,381
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	13,704
(Increase) decrease in assets	
Client fees receivable	(6,029)
Grants receivable	291,906
Prepaid expenses	(1,407)
Security deposits	(225)
Decrease (increase) in liabilities	
Accounts payable	(56,521)
Accrued expenses	(1,293)
Payroll and related taxes payable	(308)
Deferred revenue	58,416
Net cash provided by operating activities	<u>303,624</u>
 Cash flows from investing activities	
Purchase of property and equipment	<u>(3,500)</u>
Net cash used in investing activities	(3,500)
 Cash flows from financing activities	
Principal payments on Jewish Federation loan payable	(6,815)
Payments on deferred interest	<u>(5,185)</u>
Net cash used in financing activities	<u>(12,000)</u>
 Net increase in cash	288,124
 Cash at beginning of year	<u>555,284</u>
 Cash at end of year	<u><u>\$ 843,408</u></u>
 Supplemental disclosure of cash flow information	
Cash paid during the year for	
Interest	<u><u>\$ 3,861</u></u>

See accompanying notes to the financial statements.

**JEWISH FAMILY & VOCATIONAL
SERVICE OF MIDDLESEX COUNTY, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2016**

	Counseling	Elderly	Vocational Citizenship and Immigration	Community Outreach	Management and General	Fundraising	Totals
Salaries	\$ 275,590	\$ 424,890	\$ 241,794	\$ 53,834	\$ 75,584	\$ 61,093	\$ 1,132,785
Payroll taxes	25,773	39,535	22,598	5,048	4,596	5,649	103,199
Employee benefits	25,417	34,682	39,849	13,777	7,936	12,222	133,883
Insurance	5,942	9,177	5,224	1,162	1,589	1,309	24,403
Professional fees	26,568	39,369	21,925	5,003	-	578	93,443
Office expenses	9,637	12,670	8,185	1,851	-	3,060	35,403
Program expenses	14,015	1,667,849	28,625	27,474	548	3,821	1,742,332
Printing	373	659	392	74	91	97	1,686
Occupancy cost	35,696	55,788	30,523	6,899	9,353	7,774	146,033
Repairs and maintenance	326	520	301	60	103	80	1,390
Advertising	378	574	273	55	(111)	70	1,239
Dues and subscriptions	1,199	1,853	1,058	236	317	264	4,927
Professional development	812	1,258	695	166	977	330	4,238
Transportation	123	704	110	24	(113)	34	882
Interest	946	1,309	657	161	605	185	3,863
Miscellaneous	8,719	9,115	1,477	1,027	1,335	1,364	23,037
Event expenses	-	-	-	-	-	25,435	25,435
Depreciation	3,124	5,038	4,400	705	(208)	645	13,704
Total expenses	\$ 434,638	\$ 2,304,990	\$ 408,086	\$ 117,556	\$ 102,602	\$ 124,010	\$ 3,491,882

See accompanying notes to the financial statements.

**JEWISH FAMILY & VOCATIONAL
SERVICE OF MIDDLESEX COUNTY, INC.
Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies

Nature of activities

Jewish Family & Vocational Service of Middlesex County, Inc. D/B/A Jewish Family Services of Middlesex County, (the Organization) was formed on May 2, 1980 as a non-profit organization to provide youth and family services, comprehensive services to the elderly, vocational services, and immigrant resettlement program services to the community. Primary sources of revenue are derived from Governmental and Foundation grants and other charitable contributions.

Basis of presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Organization status

The Organization is a non-profit organization exempt from income taxes under the Internal Revenue Code Section 501(c)(3) and similar provisions for New Jersey. Therefore, no provision for income taxes has been made. The Organization's information returns before 2013 are no longer subject to examination by either Federal or New Jersey authorities.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Clients and client fees receivable

In evaluating the collectability of client fees receivable, the Organization analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provisions for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Organization analyzes contractually due amounts and provides an allowance for doubtful accounts and provision for bad debts, if necessary.

Cash and cash equivalents

For purposes of the Statement of Cash Flows, the Organization considers all investment instruments with a maturity date of three months or less to be cash equivalents.

**JEWISH FAMILY & VOCATIONAL
SERVICE OF MIDDLESEX COUNTY, INC.
Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

Contributions and grants receivable

Receivables are stated at the amount management expects to collect from balances outstanding. Management closely monitors outstanding balances throughout the year, and writes off to expense all balances that are considered uncollectible.

Property and equipment

Property and equipment are stated at cost and depreciated over the estimated useful life of each asset. Depreciation is provided by use of the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Life</u>
Buildings	39 years
Leasehold improvements	39 years
Furniture and fixtures	5 years
Transportation equipment	7 years
Office equipment	5 years

Additions and improvements, which extend the useful lives of the respective assets, are charged to asset accounts and are depreciated accordingly, while general repairs and maintenance are expensed as incurred. There is no formal capitalization policy. The cost and related accumulated depreciation of assets sold or retired are eliminated from the accounts and any gains or losses are included in the changes in net assets.

Net asset classifications

Net assets are classified based on the existence or absence of donor imposed restrictions. Net assets are defined as follows:

Unrestricted net assets are not subject to donor-imposed stipulations or the donor-imposed restrictions have expired.

Temporarily restricted net assets include assets for which donor-imposed restrictions have not been met.

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization.

**JEWISH FAMILY & VOCATIONAL
SERVICE OF MIDDLESEX COUNTY, INC.
Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

Revenue recognition

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Contributions

Contributions of cash and other assets, including unconditional promises to give, are considered to be available for unrestricted use unless specifically restricted by the donor and are recognized as support in the period the unconditional promise is given. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Gifts of cash and other non-capital assets are reported as temporarily restricted support if the gifts are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions. If a restriction is fulfilled in the same period in which the contribution is received, the support is reported as unrestricted.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Schedule of Functional Expenses. Accordingly, certain costs have been allocated among the programs and services benefited. Management and general expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization. Indirect expenses have been allocated based on salary expenditures.

Advertising expenses

All advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2016 was \$1,239.

**JEWISH FAMILY & VOCATIONAL
SERVICE OF MIDDLESEX COUNTY, INC.
Notes to the Financial Statements**

Note 2 - Concentrations
Cash

The Organization maintains its cash in bank deposit accounts, which may at times, exceed federally insured limits. At December 31, 2016, the Organization had \$0 of uninsured cash in its accounts.

Significant donor

A significant donor is defined as one generating 10% or greater of the Organization's total support and revenue. Two donors generated approximately 36% and 11% of the net total support and revenue for the year ended December 31, 2016.

Note 3 - Client fees receivable

Client fees receivable consists of amounts owed to the Organization for services provided. Management monitors outstanding client balances and reserves those balances that are deemed uncollectible.

There was no bad debt expense for the year ended December 31, 2016.

Note 4 - Grants receivable

Included in grants receivable are amounts owed to the Organization from various state and local governmental entities.

Note 5 - Property and equipment

Property and equipment at December 31, 2016 consists of the following:

Building	\$ 3,500
Leasehold improvement	21,630
Furniture and fixtures	60,738
Transportation equipment	29,272
Monroe multimedia equipment	4,833
Office equipment	<u>84,151</u>
Total	204,124
Less: accumulated depreciation	<u>174,516</u>
Property, and equipment, net	<u>\$ 29,608</u>

Depreciation expense for the year ended December 31, 2016 was \$13,704.

**JEWISH FAMILY & VOCATIONAL
SERVICE OF MIDDLESEX COUNTY, INC.
Notes to the Financial Statements**

Note 6 - Jewish Federation loan payable

The Organization entered into an agreement with Jewish Federation of Greater Middlesex County (Jewish Federation) (*Note 12*) in August 2008. The agreement allows the Organization to draw funds up to a sum not to exceed \$400,000. The Organization shall repay the loan by making monthly payments of \$1,000 beginning August 2010. Interest is imputed at 4.485%. The balance of the debt as of December 31, 2016 was \$111,889.

The loan contains covenants related to Jewish Federation having access to the Organization's records for monitoring, holding multiple seats on both the Executive Board and the Board of Directors, as well as the preparation of vision statements to be achieved to serve the needs of the Organization's constituents. The loan is secured by assets of the Organization.

The long-term debt maturing over the next five years ending December 31, thereafter is as follows:

2017	\$	7,127
2018		7,453
2019		7,795
2020		8,151
2021		8,525
Thereafter		72,838

Note 7 - Temporarily restricted net assets

Temporarily restricted net assets at December 31, 2016 consist of the following:

Charlotte Eder Bequest	\$	<u>261,979</u>
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Funds totaling \$581,116 were donated during the year ended December 31, 2014 to be used for the Senior Community of Monroe Township program. The portion remaining is what has yet to be expended towards this purpose.

Note 8 - Permanently restricted net assets

Permanently restricted net assets at December 31, 2016 consist of the following:

Rose Wachtel Memorial Fund	\$	<u>18,000</u>
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This fund was established to support and honor exceptional volunteers through an annual Rose Wachtel Memorial Award. The principal assets of this restricted fund shall be invested and preserved in perpetuity. The income generated from this fund shall be temporarily restricted to the fund's stated purpose.

**JEWISH FAMILY & VOCATIONAL
SERVICE OF MIDDLESEX COUNTY, INC.
Notes to the Financial Statements**

Note 9 - In-kind donations

The Organization receives various in-kind donations throughout the year. The values of these donations are immaterial and are not reflected in the financial statements.

Note 10 - Operating leases

The Organization rents office space and equipment under operating leases. The Organization rents office space under three leases with aggregate monthly payments of \$13,298 expiring June 2017, September 2017 and December 2018. In addition, one of the office space agreements provides for the allocation of monthly common area maintenance charges (CAM), which are included in monthly rent expense. The Organization rents other space on a month to month basis as needed. The equipment lease has an expiration date of March 2019, with aggregate monthly payments of \$761.

Rent expense for the year ended December 31, 2016 was \$144,610.

The following is a schedule by years of the remaining future minimum lease payments required under the operating leases that have initial or remaining non-cancellable lease terms in excess of one year at December 31:

2017	\$ 124,237
2018	88,461
2019	2,283

Note 11 - Employee savings plan

The Organization offers employees a 403(b) Thrift Plan in which substantially all eligible employees participate. The employees can invest a portion of their earnings to maximum allowable levels in the plan. There is an employer match of up to 3% of compensation. Employees become vested in the plan after completing three years of service. During the year ended December 31, 2016, the Organization contributed \$17,747 to the 403(b) Plan in the form of matching contributions.

Note 12 - Related party transactions

Jewish Federation is the umbrella organization of the area's Jewish Community. Jewish Federation brings together agencies, organizations and communities to support the Jewish people and fulfill their needs. Jewish Federation raises funds through its annual campaign to coordinate services and help support agencies that touch the lives and improve the quality of life of Jewish people in its county.

**JEWISH FAMILY & VOCATIONAL
SERVICE OF MIDDLESEX COUNTY, INC.
Notes to the Financial Statements**

Note 12 - Related party transactions (continued)

Jewish Federation contributed a total of \$388,995 to the Organization during the year ended December 31, 2016.

As discussed in *Note 6*, Jewish Federation has advanced funds in the form of direct, non-interest-bearing loans to the Organization. Interest on the loan has been imputed and treated as deferred interest.

Deferred interest	\$ 33,293
Loan payable (<i>Note 6</i>)	<u>111,889</u>
Total proceeds received	<u><u>\$ 145,182</u></u>

Note 13 - Subsequent events

The Organization is currently in a due diligence period, expected to expire on June 21, 2017 on the purchase of an office building in Edison, New Jersey for \$1,000,000. A deposit of \$100,000 is currently being held in escrow. Until June 21, 2017, the deposit is refundable if the Board does not approve the transaction. After that date, the deposit is non-refundable if the purchase is not consummated.

Besides the above transaction, the Organization's management has determined that no material events or transactions occurred subsequent to January 1, 2017 and through May 24, 2017, the date of the Organization's financial statement issuance, which require additional disclosure in the Organization's financial statements.

**JEWISH FAMILY & VOCATIONAL
SERVICE OF MIDDLESEX COUNTY, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016**

Grantor	Program Name	Grant/Project Number	CFDA	Grant Expenditures
U.S. Department of Health & Human Services				
Direct programs				
Administration on Aging	Senior Medicare Patrol	90 MP0105-04-00	93.048	\$ 259,392
Administration on Aging	Senior Medicare Patrol	90 SP0068-02	93.048	<u>49,583</u>
Subtotal Department of Health and Humans Services direct programs and total Senior Medicare Patrol cluster				308,975
Pass-through programs from				
New Jersey Department of Human Services				
Division of Family Development	Vocational Refugee	RF16009	93.566	28,750
	Vocational Refugee	NJOR RSS	93.566	7,188
Division of Child Protection & Permanency	Division of Youth and Family	16FNMM	93.667	<u>113,863</u>
Subtotal Department of Health and Human Services pass-through programs				<u>149,801</u>
Total U.S. Department of Health and Human Services				458,776
U.S. Department of Homeland Security				
direct programs	Citizenship and Integration	DHS-15-CIS-010-000010	97.01	125,000
U.S. Department of Housing and Urban Development				
Pass-through programs from				
Township of Woodbridge	Community Development Block Grant		14.218	10,000
Corporation for National and Community Service	Retired and Senior Volunteer	15SRANJ009	94.002	<u>65,328</u>
Total Expenditures of Federal Awards				<u><u>\$ 659,104</u></u>

See independent auditors' report.

**JEWISH FAMILY & VOCATIONAL
SERVICE OF MIDDLESEX COUNTY, INC.
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2016**

Grantor	Program Title	State Account Number	Grant Award Amount	Program Grant Period	Fiscal Year Disbursements	Total Disbursements
State of New Jersey Division of Child Protection & Permanency	Women's Center	16 ASMW	\$ 106,180	1/1/16 - 12/31/16	\$ 106,180	<u>\$ 106,180</u>
Total Expenditures of New Jersey Awards						<u><u>\$ 106,180</u></u>

See independent auditors' report.

**JEWISH FAMILY & VOCATIONAL
SERVICE OF MIDDLESEX COUNTY, INC.
Schedule of Expenditures of County Financial Assistance
For the Year Ended December 31, 2016**

Grantor	Program Title	County Account Number	Grant Award Amount	Program Grant Period	Fiscal Year Disbursements
County of Middlesex Human Services Advisory Council	Elder Day Care, Clinical/Spot, Essential Needs Food Pantry, Vocational Support	12-0736	\$ 38,250	1/1/16 - 12/31/16	\$ 38,250
State Health Insurance Assistance Program	SHIP	16-1597-R	7,250	10/7/16 - 3/31/17	<u>7,250</u>
Total Expenditures of County Awards					<u><u>\$ 45,500</u></u>

See independent auditors' report.

**JEWISH FAMILY & VOCATIONAL
SERVICE OF MIDDLESEX COUNTY, INC.
Notes to Schedules of Expenditures of Federal Awards,
State Financial Assistance and County Financial Assistance
December 31, 2016**

Note A - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards, state financial assistance and county financial assistance include the federal, state and county grant activity of Jewish Family & Vocational Service of Middlesex County, Inc. under programs of the federal, state and county governments for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Jewish Family & Vocational Service of Middlesex County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Jewish Family & Vocational Service of Middlesex County.

Note B - Summary of significant accounting policies

- (1) Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

See independent auditors' report.

**JEWISH FAMILY & VOCATIONAL
SERVICE OF MIDDLESEX COUNTY, INC.
Schedule of IOLTA Discretionary Grant Requirements
For the Year Ended December 31, 2016**

<u>Expenditure</u>	<u>Expended Amount</u>	<u>Budget (Unaudited)</u>	<u>Variance</u>
Personnel: salaries and fringe benefits	\$ 20,200	\$ 20,200	\$ -
Total personnel	<u>20,200</u>	<u>20,200</u>	<u>-</u>
Totals	<u>\$ 20,200</u>	<u>\$ 20,200</u>	<u>\$ -</u>

Questioned costs:

None

Equipment purchased with IOLTA funds:

None

Adjustments to IOLTA expenditure reports:

None

See independent auditors' report.



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**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

Board of Directors
Jewish Family & Vocational Service
of Middlesex County, Inc.
Milltown, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Financial Statements of Jewish Family & Vocational Service of Middlesex County, Inc. (the Organization) as of and for the year ended December 31, 2016 and the related Notes to the Financial Statements, which collectively comprise the Jewish Family & Vocational Service of Middlesex County, Inc. and have issued our report thereon dated May 24, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jewish Family & Vocational Service of Middlesex County, Inc.'s internal control over financial reporting (internal control) to determine our 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 Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Jewish Family & Vocational Service of Middlesex County, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Purpose of the Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Accounting Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC

May 24, 2017
Flemington, New Jersey