

**BOARD OF JEWISH EDUCATION, INC.
D/B/A THE JEWISH EDUCATION PROJECT**

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

JUNE 30, 2016

**BOARD OF JEWISH EDUCATION, INC.
D/B/A THE JEWISH EDUCATION PROJECT**

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Independent Auditor's Report

**Board of Directors
Board of Jewish Education, Inc.
d/b/a The Jewish Education Project**

Report on the Financial Statements

We have audited the accompanying financial statements of Board of Jewish Education, Inc. d/b/a The Jewish Education Project, which comprise the balance sheet as of June 30, 2016, and the related statements of activities, functional expenses and cash flows 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.

Auditor's 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 auditor's 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 Board of Jewish Education, Inc. d/b/a The Jewish Education Project as of June 30, 2016, and the changes in net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Board of Jewish Education, Inc. d/b/a The Jewish Education Project's June 30, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 11, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Loeb & Troper LLP

January 3, 2017

**BOARD OF JEWISH EDUCATION, INC.
D/B/A THE JEWISH EDUCATION PROJECT**

BALANCE SHEET

JUNE 30, 2016

(With Summarized Financial Information for June 30, 2015)

	2016	2015
ASSETS		
Cash	\$ 1,033,275	\$ 1,084,357
Investments (Note 2)	4,475,852	5,042,579
Accounts receivable (net of allowance for doubtful accounts of \$175,000 in 2016 and \$150,000 in 2015)	1,341,377	3,008,847
Grants and contributions receivable - current	631,755	494,361
Inventory - school food services	52,859	55,845
Prepaid expenses and other assets	23,742	20,604
Fixed assets - net (Note 3)	843,494	556,985
Total assets	\$ 8,402,354	\$ 10,263,578
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,542,289	\$ 3,172,081
Accrued benefits and payroll taxes	365,363	402,862
Deferred income	59,737	362,851
Total liabilities	1,967,389	3,937,794
Net assets (Exhibit B)		
Unrestricted	6,277,916	6,118,050
Temporarily restricted (Note 8)	57,049	107,734
Permanently restricted (Note 9)	100,000	100,000
Total net assets	6,434,965	6,325,784
Total liabilities and net assets	\$ 8,402,354	\$ 10,263,578

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**BOARD OF JEWISH EDUCATION, INC.
D/B/A THE JEWISH EDUCATION PROJECT**

EXHIBIT B

STATEMENT OF ACTIVITIES

**YEAR ENDED JUNE 30, 2016
(With Summarized Financial Information
for the Year Ended June 30, 2015)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2016</u>	<u>2015</u>
Revenues, gains (losses) and other support					
United Jewish Appeal-Federation of Jewish Philanthropies	\$ 5,134,490			\$ 5,134,490	\$ 5,685,982
Board of Directors' contributions and gifts	212,230			212,230	251,878
Grants and contributions	1,530,582			1,530,582	1,416,367
Gross revenue from special event	\$ 439,122				
Less direct costs of special event	<u>(69,132)</u>				
Net revenue from special event	369,990			369,990	283,811
Services fees - school food services (Note 5)	2,185,005			2,185,005	2,002,138
Service fees - other	1,518,237			1,518,237	1,661,213
Interest and dividends	1,896	\$ 22		1,918	3,670
Realized and unrealized gain (loss) on investments	(213,032)	(4,294)		(217,326)	111,373
Other revenues (Note 6)	109,443			109,443	100,731
Net assets released from restrictions (Note 8)	<u>46,413</u>	<u>(46,413)</u>			
Total revenues, gains (losses) and other support	<u>10,895,254</u>	<u>(50,685)</u>		<u>10,844,569</u>	<u>11,517,163</u>
Expenses (Exhibit C)					
Program services					
School food	691,019			691,019	579,152
Day School	2,954,858			2,954,858	3,241,824
Early childhood	901,088			901,088	813,308
Congregational learning	1,845,726			1,845,726	2,216,103
Teen engagement	1,628,797			1,628,797	2,064,284
Other programs	<u>530,543</u>			<u>530,543</u>	
Total program services	<u>8,552,031</u>			<u>8,552,031</u>	<u>8,914,671</u>

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**BOARD OF JEWISH EDUCATION, INC.
D/B/A THE JEWISH EDUCATION PROJECT**

EXHIBIT B

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STATEMENT OF ACTIVITIES

**YEAR ENDED JUNE 30, 2016
(With Summarized Financial Information
for the Year Ended June 30, 2015)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2016</u>	<u>2015</u>
Expenses (Exhibit C) (continued)					
Supporting services					
Management and general	\$ 1,844,822			\$ 1,844,822	\$ 1,960,557
Resource development and fund raising	338,535			338,535	307,109
	<u>2,183,357</u>			<u>2,183,357</u>	<u>2,267,666</u>
Total supporting services					
	<u>2,183,357</u>			<u>2,183,357</u>	<u>2,267,666</u>
Total expenses	<u>10,735,388</u>			<u>10,735,388</u>	<u>11,182,337</u>
Change in net assets (Exhibit D)	159,866	\$ (50,685)		109,181	334,826
Net assets - beginning of year	<u>6,118,050</u>	<u>107,734</u>	<u>\$ 100,000</u>	<u>6,325,784</u>	<u>5,990,958</u>
Net assets - end of year (Exhibit A)	<u>\$ 6,277,916</u>	<u>\$ 57,049</u>	<u>\$ 100,000</u>	<u>\$ 6,434,965</u>	<u>\$ 6,325,784</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**BOARD OF JEWISH EDUCATION, INC.
D/B/A THE JEWISH EDUCATION PROJECT**

EXHIBIT C

STATEMENT OF FUNCTIONAL EXPENSES

**YEAR ENDED JUNE 30, 2016
(With Summarized Financial Information
for the Year Ended June 30, 2015)**

	Program Services						Supporting Services			Direct Costs of Special Event	Total	
	School Food	Day School	Early Childhood	Congre- gational Learning	Teen Engagement	Other Programs	Total Program Services	Management and General	Resource Development and Fund Raising		Total Supporting Services	2016
Salaries and related expenses												
Salaries	\$ 443,789	\$ 1,314,936	\$ 520,878	\$ 767,649	\$ 769,851	\$ 235,167	\$ 4,052,270	\$ 924,934	\$ 161,316	\$ 1,086,250	\$ 5,138,520	\$ 5,221,543
Payroll taxes	30,534	84,545	35,516	45,605	51,540	16,463	264,203	60,437	11,122	71,559	335,762	365,357
Employee benefits	126,869	212,951	67,691	230,609	147,506	35,654	821,280	183,805	16,055	199,860	1,021,140	1,014,349
Total salaries and related expenses	601,192	1,612,432	624,085	1,043,863	968,897	287,284	5,137,753	1,169,176	188,493	1,357,669	6,495,422	6,601,249
Institutional expenses												
Consultants and lecturers	758	883,525	109,450	141,038	196,640	9,625	1,341,036	47,548	95,173	142,721	1,483,757	1,987,223
Tuition and stipends		68		5,000			5,068	43,684		43,684	48,752	424,994
Awards		23,672	14,040	242,350	17,901		297,963				297,963	93,684
Travel	1,947	36,934	12,249	54,871	56,936	4,486	167,423	21,547	100	21,647	189,070	183,719
Conferences and dues		9,009	18,765	8,093	17,854	24,137	77,858	23,896	2,060	25,956	103,814	113,723
Supplies	2,459	13,819	3,889	6,574	20,608	256	47,605	36,439	1,367	37,806	85,411	65,713
Advertising		7,796	13,365		97,920		119,081	7,343	8,457	15,800	134,881	154,496
Food	496	54,378	13,158	14,228	43,918	4,768	130,946	16,962	324	17,286	148,232	130,787
Catering and entertainment											\$ 69,132	56,105
Total institutional expenses	5,660	1,029,201	184,916	472,154	451,777	43,272	2,186,980	197,419	107,481	304,900	2,561,012	3,210,444
Administrative expenses												
Equipment rental and expense	8,983	18,374	5,080	16,250	28,470	146,313	223,470	50,511	6,636	57,147	280,617	107,742
Repair and maintenance	6,818	28,123	8,522	22,736	15,340	5,113	86,652	19,770	3,409	23,179	109,831	97,066
Legal and audit					19,096		19,096	61,815		61,815	80,911	30,915
Insurance	3,765	15,532	4,707	9,884	8,472	2,824	45,184	10,332	1,883	12,215	57,399	60,027
Office supplies	8,598	18,922	3,366	13,168	10,387	1,718	56,159	12,753	1,936	14,689	70,848	67,956
Bank and investment fees								25,976		25,976	25,976	20,171
Bad debt								25,000		25,000	25,000	
Miscellaneous	1,477	7,356	2,255	4,698	3,675	3,125	22,586	5,525	1,434	6,959	29,545	13,869
Total administrative expenses	29,641	88,307	23,930	66,736	85,440	159,093	453,147	211,682	15,298	226,980	680,127	397,746
Occupancy expenses												
Rent (Note 6)	47,848	197,373	59,810	245,444	107,658	35,886	694,019	157,598	23,924	181,522	875,541	855,549
Gas and electric	6,678	27,545	8,347	17,529	15,025	5,008	80,132	18,323	3,339	21,662	101,794	104,793
Total occupancy expenses	54,526	224,918	68,157	262,973	122,683	40,894	774,151	175,921	27,263	203,184	977,335	960,342
Total expenses before depreciation and amortization	691,019	2,954,858	901,088	1,845,726	1,628,797	530,543	8,552,031	1,754,198	338,535	2,092,733	10,713,896	11,169,781
Depreciation and amortization								90,624		90,624	90,624	68,661
Total expenses	691,019	2,954,858	901,088	1,845,726	1,628,797	530,543	8,552,031	1,844,822	338,535	2,183,357	10,804,520	11,238,442
Less direct costs of special events deducted from revenue on the statement of activities										(69,132)	(69,132)	(56,105)
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 691,019	\$ 2,954,858	\$ 901,088	\$ 1,845,726	\$ 1,628,797	\$ 530,543	\$ 8,552,031	\$ 1,844,822	\$ 338,535	\$ 2,183,357	\$ -	\$ 11,182,337

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**BOARD OF JEWISH EDUCATION, INC.
D/B/A THE JEWISH EDUCATION PROJECT**

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2016

Cash flows from operating activities	
Change in net assets (Exhibit B)	\$ 109,181
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation and amortization	90,624
Realized and unrealized loss on investments	217,326
Decrease (increase) in assets	
Accounts receivable	1,667,470
Grants and contributions receivable	(137,394)
Inventory - school food services	2,986
Prepaid expenses and other assets	(3,138)
Decrease in liabilities	
Accounts payable and accrued expenses	(1,629,792)
Accrued benefits and payroll taxes	(37,499)
Deferred income	(303,114)
	<hr/>
Net cash used by operating activities	(23,350)
	<hr/>
Cash flows from investing activities	
Purchase of investments	(599)
Proceeds from sale of investments	350,000
Fixed asset acquisitions	(377,133)
	<hr/>
Net cash used by investing activities	(27,732)
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Net change in cash	(51,082)
Cash - beginning of year	1,084,357
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Cash - end of year	\$ 1,033,275
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See independent auditor's report.

The accompanying notes are an integral part of these statements.

**BOARD OF JEWISH EDUCATION, INC.
D/B/A THE JEWISH EDUCATION PROJECT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1 - NATURE OF ORGANIZATION

Board of Jewish Education, Inc. (“The Jewish Education Project”) was founded in 1910 to provide comprehensive services to Jewish day, congregational, and nursery schools as well as group leaders from community centers. In the agency’s new iteration, The Jewish Education Project focuses on sparking and spreading innovations in education that meet the evolving and ever-more diverse needs of today’s children and families. In doing so, we have also moved beyond traditional formats and work to develop new delivery models – in the classroom and beyond. Though our primary focus is to serve educators and institutions in metropolitan New York, Long Island, and Westchester, our agency is now working nationally, as well, providing thought leadership and consulting in cutting-edge early childhood programs, teen engagement, and the integration of educational technology, among others.

The Jewish Education Project is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The Jewish Education Project is funded primarily by revenues from United Jewish Appeal-Federation of Jewish Philanthropies and grant income from national foundations. We are also supported through contributions and service fees.

The Jewish Education Project has obtained a d/b/a effective November 8, 2010 under the name The Jewish Education Project.

The following are descriptions of The Jewish Education Project’s programs:

School Food - The Jewish Education Project acts as a liaison between New York State’s Child Nutrition Program and approximately 125 day schools and yeshivas to facilitate the distribution of entitlement funds.

Day Schools - Through leadership, innovation, professional networks, and government relations, we help turn government funding for professional development into usable goods and services for school teachers and leaders. Examples of these “goods and services” include professional development for teachers and mandated services within schools. In 2016, our services provided training in educational best practices and leadership to over 11,000 day school and yeshiva teachers across New York City, the Tri-State area and other locations in the U.S.

Early Childhood - Our agency works to ensure continual improvement of the over 250 Jewish early childhood centers in the New York area and to ensure that the centers will attract an increasingly diverse Jewish community. Our professional days of learning and in-depth consultations seek to create family and child-centered approaches to early learning and family engagement.

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**BOARD OF JEWISH EDUCATION, INC.
D/B/A THE JEWISH EDUCATION PROJECT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1 - NATURE OF ORGANIZATION (continued)

Congregational Learning (formerly Congregational Services) - The Jewish Education Project helps congregations create new models of learning that help today's families and children build meaningful lives grounded in Jewish values and practice. In 2016 over 200 educators participated in 27 congregational learning peer networks which led to the creation of 30 new pilot programs in synagogues across the New York area.

Teen Engagement (formerly Teen Center) - Over the past number of years, The Jewish Education Project has trained over 1,000 teen engagement professionals in nearly 300 institutions - 80% of these in the New York area. Our goal is to professionalize the field of Jewish teen engagement to ensure stronger and more teen-focused programming.

Other Programs - As the Jewish population changes and has grown more distant from established Jewish institutions, our agency also brings our expertise to bear in creating Jewish educational options outside of traditional frameworks. These pilot programs are teaching us a great deal about today's Jewish families and, by tracking what we're learning in a newly implemented agency-wide database, we will ensure that we are building programs grounded in concrete data.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements are prepared on the accrual basis of accounting.

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

Investments - Investments are recorded at fair value. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets' fluctuations, and that such changes could materially affect the amounts reported in the financial statements.

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**BOARD OF JEWISH EDUCATION, INC.
D/B/A THE JEWISH EDUCATION PROJECT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements

Fair Value Measurements establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that The Jewish Education Project has the ability to access. Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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**BOARD OF JEWISH EDUCATION, INC.
D/B/A THE JEWISH EDUCATION PROJECT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2016 as compared to June 30, 2015.

State of Israel bonds - Valued based on yields currently available on comparable securities of issuers with similar credit ratings.

FJC Agency Loan Fund - The investment in the FJC Agency Loan Fund is recorded at fair value based upon the cash liquidation value.

UJA Pooled Investment Account - Valued at the Net Asset Value (“NAV”) based on The Jewish Education Project’s share of the investments of the UJA pooled investments as reported by UJA and its investment managers and advisors.

The following table sets forth by level, within the fair value hierarchy, the assets at fair value as of June 30, 2016:

	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
State of Israel bonds	\$ 1,000	\$ -	\$ 1,000
FJC Agency Loan Fund	-	22,630	22,630
UJA Pooled Investment Account	<u>-</u>	<u>4,452,222</u>	<u>4,452,222</u>
	<u>\$ 1,000</u>	<u>\$ 4,474,852</u>	<u>\$ 4,475,852</u>

However, because of the inherent uncertainty of valuation, the estimated fair values for the aforementioned investments may differ from the values that would have been used had a ready market for the investments existed, and such differences could be material.

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**BOARD OF JEWISH EDUCATION, INC.
D/B/A THE JEWISH EDUCATION PROJECT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

(NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued))

Fair Value Measurements (continued)

Changes in Level 3 Assets

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The Jewish Education Project's assessment of the significance of a particular input to the fair value measurements requires judgment, and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy. The following table presents the Jewish Education Project's Level 3 asset balances measured at fair value on a recurring basis as of June 30, 2016.

	FJC Agency Loan Fund	UJA Pooled Investment Account	Total
Balance, beginning of year	\$ 22,031	\$ 4,869,548	\$ 4,891,579
Realized and unrealized loss		(217,326)	(217,326)
Interest	822		822
Sales		(200,000)	(200,000)
Management fees	<u>(223)</u>		<u>(223)</u>
Balance, end of year	<u>\$ 22,630</u>	<u>\$ 4,452,222</u>	<u>\$ 4,474,852</u>
The amount of total gains or losses for the period attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	<u>\$ -</u>	<u>\$ (216,512)</u>	<u>\$ (216,512)</u>

Investment gains and losses (realized and unrealized) included in changes in net assets for the period are reported in revenues, gains and other support in the statement of activities.

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**BOARD OF JEWISH EDUCATION, INC.
D/B/A THE JEWISH EDUCATION PROJECT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

The amount of total unrealized gains for the year included in change in net assets is attributable to assets still held at the reporting date.

The following table summarizes investments measured at fair value using NAV as a practical expedient as of June 30, 2016:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
FJC Agency Loan Fund (a)	\$ 22,630	\$ -	On-demand	5 days
UJA pooled investment account (b)	<u>4,452,222</u>	<u>-</u>	On-demand	30 days
Total	\$ <u>4,474,852</u>	\$ <u>-</u>		

- a. ***FJC Agency Loan Fund*** - Participation in a pool of loans made to not-for-profit entities providing interest income on a quarterly basis.
- b. ***UJA pooled investment account*** - A share in the pooled investments of UJA to benefit from the various diversified strategies that UJA invests in, including cash and bonds (8%), multi-strategy hedge funds (37.3%), long equity (42.8%), private equity (9.6%), and real estate (2.3%) at June 30, 2016. The purpose is to generate appreciation while managing risk through diversification.

Accounts receivable - Accounts receivable from other sources of income are recorded when services are rendered. The Jewish Education Project does not charge interest on outstanding receivables.

Contributions receivable - 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 future years are recorded at the present value of their estimated 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. Conditional promises to give are not included as support until the conditions are substantially met.

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**BOARD OF JEWISH EDUCATION, INC.
D/B/A THE JEWISH EDUCATION PROJECT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants receivable - Grants are recorded as receivables to the extent that expenses have been incurred for the purpose specified by the grantor. No interest is charged on the outstanding receivables.

Allowance for doubtful accounts - The Jewish Education Project determines whether an allowance for uncollectibles should be provided for accounts receivable and grants and contributions receivable. Such estimates are based on management's assessment of the aged basis of the receivable, current economic conditions, subsequent receipts and historical information. Accounts receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted.

Inventory - Inventory consists of food held for sale in connection with the Jewish Education Project's school food program. Inventory is valued at cost or net realizable value, whichever is lower. Cost is determined by the first-in, first-out ("FIFO") method.

Fixed assets - Fixed assets, including leasehold improvements in excess of \$5,000 with an estimated useful life of greater than one year are capitalized, and are stated at cost. Depreciation is provided over the estimated useful lives of the assets on the straight-line method. Amortization of leasehold improvements is provided on the straight-line basis over the shorter of the estimated useful lives of the assets or the term of the lease.

Net assets - Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors. Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. Permanently restricted net assets are investments that have been restricted by donors to be maintained in perpetuity.

Revenue recognition - United Jewish Appeal-Federation of Jewish Philanthropies - Revenues are recognized when earned as services are performed based on contractual agreements.

Grants and contributions - Unconditional contributions and grants, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either temporarily or permanently restricted support if they 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 as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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**BOARD OF JEWISH EDUCATION, INC.
D/B/A THE JEWISH EDUCATION PROJECT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Jewish Education Project also receives expense-based reimbursement grants. These are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the grantors. To the extent amounts received exceed amounts spent, The Jewish Education Project records deferred income. Amounts received in advance of allowable expenses being incurred are recorded as advances and included in deferred income.

Service fees - school food services - Revenue is recognized when earned.

Service fees - other - Revenue is recognized when services are performed related to other programs.

Rental income - Included in other revenues is rental income. Rental income is recorded on the straight-line basis. Deferred rental income is recorded when material.

Functional expenses - The costs of providing The Jewish Education Project's services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising - All advertising costs are expensed in the year they are incurred.

Awards - Awards are recorded when approved.

Operating lease - Rent expense has been recorded on the straight-line basis over the life of the lease. Deferred rent, when material, is recorded for the difference between the fixed payment and the rent expense.

Summarized financial information - The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Uncertainty in income taxes - The Jewish Education Project has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending June 30, 2013 and subsequent remain subject to examination by applicable taxing authorities.

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**BOARD OF JEWISH EDUCATION, INC.
D/B/A THE JEWISH EDUCATION PROJECT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events - Subsequent events have been evaluated through January 3, 2017, which is the date the financial statements were available to be issued.

Reclassification - \$494,361 previously reported as accounts receivable in 2015 have been reclassified to grants and contributions receivable to conform to the current year presentation.

NOTE 3 - FIXED ASSETS

	<u>2016</u>	<u>2015</u>	<u>Estimated Useful Lives</u>
Furniture and equipment	\$ 1,049,760	\$ 1,000,216	3 - 10 years
Leasehold improvements	1,002,961	829,392	7 - 20 years
Telephone systems	<u>61,466</u>	<u>61,466</u>	3 - 5 years
	2,114,187	1,891,074	
Less accumulated depreciation and amortization	<u>(1,270,693)</u>	<u>(1,334,089)</u>	
Net fixed assets	<u>\$ 843,494</u>	<u>\$ 556,985</u>	

In 2016, the Jewish Education Project disposed of \$154,020 of fully depreciated furniture and equipment.

NOTE 4 - RETIREMENT PLAN

The Jewish Education Project sponsors a defined contribution employee retirement plan covering its professional employees. The plan is administered by TIAA-CREF. Employees are required to contribute 6-½% of their salaries to the plan to be eligible for a matching contribution equaling 7 ½% of their salaries. Employees are eligible to participate in the plan after one year of service. Vesting is 100% after two years of service for the employer's contributed portion, and immediately for the employee's contributed portion. The expense for the year ended June 30, 2016 was \$297,424.

The Jewish Education Project has two employees that are included in the United Jewish Appeal-Federation of Jewish Philanthropies multiemployer defined benefit plan. The Jewish Education Project's contribution to this plan for the year ended June 30, 2016 was \$7,156.

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**BOARD OF JEWISH EDUCATION, INC.
D/B/A THE JEWISH EDUCATION PROJECT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 5 - SCHOOL FOOD SERVICES

The Jewish Education Project is an agent for many schools which receive aid for food from government agencies. For an administrative fee, The Jewish Education Project handles the storage and delivery of food and the processing of claims.

NOTE 6 - OPERATING LEASES

The Jewish Education Project has several operating leases on rental space. These leases have termination dates between June 30, 2019 and September 30, 2023. Rent expense for the year ended June 30, 2016 was \$797,608. The future commitments on noncancelable leases are as follows:

Fiscal Year Ending June 30	
2017	\$ 699,886
2018	713,844
2019	731,056
2020	705,996
2021	720,116
Thereafter	<u>1,483,727</u>
	<u>\$ 5,054,625</u>

The rent expense for the office space leased from a member of the Board of Directors on a month-to-month basis totaled \$77,933 for the year ended June 30, 2016.

In addition, The Jewish Education Project sublets space within its office. The leases expire in November 2020. Minimum future rentals on noncancelable operating leases are as follows:

Fiscal Year Ending June 30	
2017	\$ 61,659
2018	63,508
2019	65,789
2020	68,420
2021	<u>28,973</u>
	<u>\$ 288,349</u>

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**BOARD OF JEWISH EDUCATION, INC.
D/B/A THE JEWISH EDUCATION PROJECT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 7 - CONCENTRATIONS

Financial instruments which potentially subject The Jewish Education Project to a concentration of credit risk are cash accounts with financial institutions in excess of FDIC insurance limits.

The Jewish Education Project is highly dependent on revenue from United Jewish Appeal-Federation of Jewish Philanthropies, which approximates 47% of its revenue.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes:

	<u>2016</u>	<u>2015</u>
Jewish Family Education	\$ 4,009	\$ 11,009
Safran Arts	15,672	15,672
Scholarships	<u>37,368</u>	<u>81,053</u>
	<u>\$ 57,049</u>	<u>\$ 107,734</u>

During 2016, net assets of \$46,413 were released from restrictions by satisfying the following restrictions:

Jewish Family Education	\$ 2,728
Scholarships	<u>43,685</u>
	<u>\$ 46,413</u>

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**BOARD OF JEWISH EDUCATION, INC.
D/B/A THE JEWISH EDUCATION PROJECT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 9 - PERMANENTLY RESTRICTED NET ASSETS

General

The Jewish Education Project's permanently restricted net assets consist of one fund for Jewish Family Education in the amount of \$100,000.

As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of The Jewish Education Project adopted the New York Prudent Management of Institutional Funds Act (NYPMIFA). NYPMIFA moves away from the "historic dollar value" standard, and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. The Jewish Education Project is governed by the NYPMIFA spending policy, which establishes a maximum spending limit of 7% of the average of its previous five years' balance. As a result of this interpretation, The Jewish Education Project classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standards of prudence prescribed by NYPMIFA.

Return Objectives, Strategies Employed and Spending Policy

The objective of The Jewish Education Project is to maintain the principal endowment funds at the original amount designated by the donor while generating income for The Jewish Education Project's programs. The investment policy to achieve this objective is to invest in low-risk securities. Interest earned in relation to the endowment funds is recorded as temporarily restricted income and released from restriction upon appropriation and expenditure for the program for which the endowment fund was established.

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**BOARD OF JEWISH EDUCATION, INC.
D/B/A THE JEWISH EDUCATION PROJECT**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 9 - PERMANENTLY RESTRICTED NET ASSETS (continued)

Funds with Deficiencies

The Jewish Education Project does not have any funds with deficiencies.

Endowment Net Assets Composition by Type of Fund as of June 30, 2016

The endowment net assets composition of \$100,000 consists of permanently donor-restricted funds and \$4,009 of unappropriated earnings thereon.

Changes in Endowment Net Assets for the Year Ended June 30, 2016

	Temporarily Restricted	Permanently Restricted
	<u> </u>	<u> </u>
Endowment net assets, beginning of year	\$ 11,009	\$ 100,000
Investment income (loss)	(4,272)	-
Appropriation of endowment assets for expenditure	<u>(2,728)</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 4,009</u>	<u>\$ 100,000</u>

Investment income consists of:

Interest and dividends	\$ 22
Unrealized loss	<u>(4,294)</u>
Total	<u>\$ (4,272)</u>