

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

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

JUNE 30, 2017

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

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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, 2017, 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, 2017, 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, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 3, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Loeb & Troper LLP

January 30, 2018

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

BALANCE SHEET

JUNE 30, 2017

(With Summarized Financial Information for June 30, 2016)

	2017	2016
ASSETS		
Current assets		
Cash	\$ 1,538,351	\$ 1,033,275
Investments (Note 2)	4,904,673	4,375,852
Accounts receivable (net of allowance for doubtful accounts of \$175,000 in 2017 and 2016)	1,912,769	1,341,377
Grants and contributions receivable - current	472,369	631,755
Inventory - school food services	22,798	52,859
Prepaid expenses and other assets	38,036	23,742
Total current assets	8,888,996	7,458,860
Investments	100,000	100,000
Fixed assets - net (Note 3)	863,298	843,494
Total assets	\$ 9,852,294	\$ 8,402,354
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 2,510,186	\$ 1,542,289
Accrued benefits and payroll taxes	340,487	365,363
Deferred income	104,731	59,737
Total liabilities - current	2,955,404	1,967,389
Net assets (Exhibit B)		
Unrestricted	6,755,040	6,277,916
Temporarily restricted (Note 8)	41,850	57,049
Permanently restricted (Note 9)	100,000	100,000
Total net assets	6,896,890	6,434,965
Total liabilities and net assets	\$ 9,852,294	\$ 8,402,354

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, 2017
(With Summarized Financial Information
for the Year Ended June 30, 2016)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2017</u>	<u>2016</u>
Revenues, gains (losses) and other support					
United Jewish Appeal-Federation of Jewish Philanthropies	\$ 5,086,563			\$ 5,086,563	\$ 5,134,490
Contributions and gifts	267,834			267,834	252,835
Grants	778,841			778,841	1,489,977
Gross revenue from special event	\$ 738,389				
Less direct costs of special event	<u>(77,970)</u>				
Net revenue from special event	660,419			660,419	369,990
Services fees - school food services (Note 5)	1,744,629			1,744,629	1,945,845
Service fees - other	1,441,953			1,441,953	1,518,237
Gross revenue from sale of food	2,540,110				
Less cost of goods sold	<u>(2,376,538)</u>				
Net revenue from sale of food	163,572			163,572	239,160
Interest and dividends	1,211			1,211	1,918
Realized and unrealized gain (loss) on investments	516,415	\$ 11,801		528,216	(217,326)
Other revenues (Note 6)	101,752			101,752	109,443
Net assets released from restrictions (Note 8)	27,000	(27,000)			
Total revenues, gains (losses) and other support	<u>10,790,189</u>	<u>(15,199)</u>		<u>10,774,990</u>	<u>10,844,569</u>
Expenses (Exhibit C)					
Program services					
School Food	830,997			830,997	691,019
Day School	2,414,887			2,414,887	2,954,858
Early Childhood	900,361			900,361	901,088
Congregational Learning	1,022,535			1,022,535	1,845,726
Teen Engagement	1,652,963			1,652,963	1,628,797
Other Programs	1,171,748			1,171,748	530,543
Total program services	<u>7,993,491</u>			<u>7,993,491</u>	<u>8,552,031</u>

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

**EXHIBIT B
-2-**

STATEMENT OF ACTIVITIES

**YEAR ENDED JUNE 30, 2017
(With Summarized Financial Information
for the Year Ended June 30, 2016)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2017</u>	<u>2016</u>
Expenses (Exhibit C) (continued)					
Supporting services					
Management and general	\$ 1,773,673			\$ 1,773,673	\$ 1,844,822
Resource development and fundraising	545,901			545,901	338,535
	<u>2,319,574</u>			<u>2,319,574</u>	<u>2,183,357</u>
Total supporting services					
Total expenses	<u>10,313,065</u>			<u>10,313,065</u>	<u>10,735,388</u>
Change in net assets (Exhibit D)	477,124	\$ (15,199)		461,925	109,181
Net assets - beginning of year	<u>6,277,916</u>	<u>57,049</u>	<u>\$ 100,000</u>	<u>6,434,965</u>	<u>6,325,784</u>
Net assets - end of year (Exhibit A)	<u>\$ 6,755,040</u>	<u>\$ 41,850</u>	<u>\$ 100,000</u>	<u>\$ 6,896,890</u>	<u>\$ 6,434,965</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, 2017
(With Summarized Financial Information
for the Year Ended June 30, 2016)

	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 Fundraising		Total Supporting Services	2017	2016
Salaries and related expenses													
Salaries	\$ 502,364	\$ 1,055,988	\$ 551,677	\$ 500,349	\$ 792,035	\$ 563,931	\$ 3,966,344	\$ 886,245	\$ 279,967	\$ 1,166,212	\$ 5,132,556	\$ 5,138,520	
Payroll taxes	29,417	75,904	38,197	33,444	52,329	33,761	263,052	59,293	17,377	76,670	339,722	335,762	
Employee benefits	127,757	213,385	84,660	148,213	141,139	107,376	822,530	185,280	52,145	237,425	1,059,955	1,021,140	
Total salaries and related expenses	659,538	1,345,277	674,534	682,006	985,503	705,068	5,051,926	1,130,818	349,489	1,480,307	6,532,233	6,495,422	
Institutional expenses													
Consultants and lecturers	9,698	719,073	81,050	86,852	195,554	44,495	1,136,722	23,566	75,005	98,571	1,235,293	1,483,757	
Tuition and stipends		13,000	900		27,032	97,490	138,422				138,422	297,963	
Awards		159			2,790		2,949	19,194		19,194	22,143	48,752	
Travel	945	19,822	8,992	7,193	35,260	26,941	99,153	30,528	22	30,550	129,703	189,070	
Conferences and dues		7,249	1,737	7,508	28,360	24,944	69,798	14,061	1,797	15,858	85,656	103,814	
Supplies	2,893	13,091	1,397	4,762	10,665	2,311	35,119	36,772	1,323	38,095	73,214	85,411	
Advertising		10,306			111,389	28,549	150,244	5,665	50,319	55,984	206,228	134,881	
Food	2,379,107	30,592	13,483	2,766	46,333	13,727	2,486,008	18,705	508	19,213	2,505,221	2,658,580	
Catering and entertainment											\$ 77,970	69,132	
Total institutional expenses	2,392,643	813,292	107,559	109,081	457,383	238,457	4,118,415	148,491	128,974	277,465	4,473,850	5,071,360	
Administrative expenses													
Equipment rental and expense	56,831	25,858	8,931	21,969	36,072	113,191	262,852	20,755	8,577	29,332	292,184	280,617	
Repair and maintenance	4,762	17,350	5,940	15,069	11,166	8,040	62,327	15,362	3,574	18,936	81,263	109,831	
Legal and audit					1,582		1,582	64,324		64,324	65,906	80,911	
Insurance	3,079	11,218	3,841	4,500	7,220	5,198	35,056	9,933	2,311	12,244	47,300	57,399	
Office supplies	4,673	18,662	4,777	12,663	17,264	4,505	62,544	8,511	2,404	10,915	73,459	70,848	
Bank and investment fees								27,542		27,542	27,542	25,976	
Bad debt								26,000		26,000	26,000	25,000	
Miscellaneous	1,267	4,750	1,718	8,702	3,168	2,130	21,735	1,135	3,346	4,481	26,216	29,545	
Total administrative expenses	70,612	77,838	25,207	62,903	76,472	133,064	446,096	173,562	20,212	193,774	639,870	680,127	
Occupancy expenses													
Rent (Note 6)	75,608	159,280	83,030	158,921	119,204	84,874	680,917	133,383	42,136	175,519	856,436	875,541	
Gas and electric	9,134	19,200	10,031	9,624	14,401	10,285	72,675	16,114	5,090	21,204	93,879	101,794	
Total occupancy expenses	84,742	178,480	93,061	168,545	133,605	95,159	753,592	149,497	47,226	196,723	950,315	977,335	
Total expenses before depreciation and amortization	3,207,535	2,414,887	900,361	1,022,535	1,652,963	1,171,748	10,370,029	1,602,368	545,901	2,148,269	12,596,268	13,224,244	
Depreciation and amortization								171,305		171,305	171,305	90,624	
Total expenses	3,207,535	2,414,887	900,361	1,022,535	1,652,963	1,171,748	10,370,029	1,773,673	545,901	2,319,574	12,767,573	13,314,868	
Less cost of goods sold netted against sale of food	(2,376,538)						(2,376,538)				(2,376,538)	(2,510,348)	
Less direct costs of special events deducted from revenue on the statement of activities										(77,970)	(77,970)	(69,132)	
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 830,997	\$ 2,414,887	\$ 900,361	\$ 1,022,535	\$ 1,652,963	\$ 1,171,748	\$ 7,993,491	\$ 1,773,673	\$ 545,901	\$ 2,319,574	\$ -	\$ 10,313,065	\$ 10,735,388

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, 2017

Cash flows from operating activities	
Change in net assets (Exhibit B)	\$ 461,925
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	171,305
Realized and unrealized gain on investments	(528,216)
Decrease (increase) in assets	
Accounts receivable	(571,392)
Grants and contributions receivable	159,386
Inventory - school food services	30,061
Prepaid expenses and other assets	(14,294)
Decrease in liabilities	
Accounts payable and accrued expenses	967,897
Accrued benefits and payroll taxes	(24,876)
Deferred income	44,994
	<hr/>
Net cash provided by operating activities	696,790
	<hr/>
Cash flows from investing activities	
Purchases of investments	(605)
Fixed asset acquisitions	(191,109)
	<hr/>
Net cash used by investing activities	(191,714)
	<hr/>
Net change in cash	505,076
Cash - beginning of year	<hr/> 1,033,275
Cash - end of year	\$ <hr/> <hr/> 1,538,351

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, 2017

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 through grants from United Jewish Appeal-Federation of Jewish Philanthropies and other 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 approximately 10,000 teachers every year and mandated services within schools. Additionally, with federation and foundation support we work with school leaders to introduce educational innovations into their schools that will have greater impact on student learning.

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, 2017

NOTE 1 - NATURE OF ORGANIZATION (continued)

Congregational Learning - 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. We have worked with approximately 175 congregations in the New York area over the past decade and work with 300-400 congregational school educators on an annual basis.

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, 2017

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.

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, 2017 as compared to June 30, 2016.

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.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the assets at fair value as of June 30, 2017:

	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
State of Israel bonds	\$ 1,000	\$ -	\$ 1,000
FJC Agency Loan Fund	-	23,235	23,235
UJA Pooled Investment Account	<u>-</u>	<u>4,980,438</u>	<u>4,980,438</u>
	<u>\$ 1,000</u>	<u>\$ 5,003,673</u>	<u>\$ 5,004,673</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.

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, 2017.

	<u>FJC Agency Loan Fund</u>	<u>UJA Pooled Investment Account</u>	<u>Total</u>
Balance, beginning of year	\$ 22,630	\$ 4,452,222	\$ 4,474,852
Realized and unrealized gain		528,216	528,216
Interest	834		834
Management fees	<u>(229)</u>		<u>(229)</u>
Balance, end of year	<u>\$ 23,235</u>	<u>\$ 4,980,438</u>	<u>\$ 5,003,673</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>\$ 338,795</u>	<u>\$ 338,795</u>

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

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.

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 of June 30, 2017:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
FJC Agency Loan Fund (a)	\$ 23,235	\$ -	On-demand	5 days
UJA pooled investment account (b)	<u>4,980,438</u>	<u>-</u>	On-demand	30 days
Total	<u>\$ 5,003,673</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 (9.5%), multi-strategy hedge funds (34.8%), long equity (43.9%), private equity (10.4%), and real estate (1.4%) at June 30, 2017. The purpose is to generate appreciation while managing risk through diversification.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

Quantitative Information About Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The following table represents The Jewish Education Project's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments as of June 30, 2016, and the significant unobservable inputs and the ranges of values for those inputs.

<u>Investment</u>	<u>Fair Value 2017</u>	<u>Principal Valuation Technique</u>
FJC Agency Loan Fund	\$ 23,235	Cash liquidation value
UJA Pooled Investment Account	<u>4,980,438</u>	Cash liquidation value
	<u>\$ 5,003,673</u>	

Accounts receivable - Accounts receivable from service fees 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.

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. Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Conditional revenues and deferred income - 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.

Special events - The Jewish Education Project conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. All proceeds received are recorded as special events revenues in the accompanying financial statements.

Service fees - school food services - Revenue is recognized upon submission of claims for reimbursement on behalf of participating schools.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Sale of food - Revenue is recognized at the time of sale.

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 leases - Rent expense is recorded on the straight-line basis with allowances for annual inflation adjustments.

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, 2016, 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, 2014 and subsequent remain subject to examination by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through January 30, 2018, which is the date the financial statements were available to be issued.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 3 - FIXED ASSETS

	<u>2017</u>	<u>2016</u>	<u>Estimated Useful Lives</u>
Furniture and equipment	\$ 1,227,038	\$ 1,049,760	3 - 10 years
Leasehold improvements	1,016,792	1,002,961	7 - 20 years
Telephone systems	<u>61,466</u>	<u>61,466</u>	3 - 5 years
	2,305,296	2,114,187	
Less accumulated depreciation and amortization	<u>(1,441,998)</u>	<u>(1,270,693)</u>	
Net fixed assets	<u>\$ 863,298</u>	<u>\$ 843,494</u>	

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, 2017 was \$303,484.

The Jewish Education Project has two employees that are included in the Retirement Plan for Employees of United Jewish Appeal-Federation of Jewish Philanthropies of New York, Inc. and Affiliated Agencies and Institutions, a multiple-employer defined benefit plan. The Jewish Education Project's contribution to this plan for the year ended June 30, 2017 was \$7,156.

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.

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**BOARD OF JEWISH EDUCATION, INC.
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 6 - OPERATING LEASES

The Jewish Education Project has several operating leases for rental space. These leases have termination dates between June 2019 and October 2024. Rent expense for the year ended June 30, 2017 was \$813,407. The future commitments on noncancelable leases are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	
2018	\$ 750,494
2019	780,676
2020	760,018
2021	775,566
2022	775,566
Thereafter	<u>1,804,746</u>
	<u>\$ 5,647,066</u>

The rent expense for office space rented from a member of the Board of Directors on a month-to-month basis was \$43,029 for 2017. The arrangement was discontinued in February 2017.

In addition, The Jewish Education Project sublets space within its office with expiration dates through November 2020. Minimum future rental income from noncancelable operating leases is due as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	
2018	\$ 89,058
2019	65,789
2020	68,420
2021	<u>28,973</u>
	<u>\$ 252,240</u>

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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 for the year ended June 30, 2017.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes:

	<u>2017</u>	<u>2016</u>
Jewish Family Education	\$ 8,810	\$ 4,009
Safran Arts	15,672	15,672
Scholarships	<u>17,368</u>	<u>37,368</u>
	<u>\$ 41,850</u>	<u>\$ 57,049</u>

During 2017, net assets of \$27,000 were released from restrictions by satisfying the following restrictions:

Jewish Family Education	\$ 7,000
Scholarships	<u>20,000</u>
	<u>\$ 27,000</u>

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.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 9 - PERMANENTLY RESTRICTED NET ASSETS (continued)

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.

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, 2017

The endowment net assets composition of \$100,000 consists of permanently donor-restricted funds and \$8,810 of unappropriated earnings thereon.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 9 - PERMANENTLY RESTRICTED NET ASSETS (continued)

Changes in Endowment Net Assets for the Year Ended June 30, 2017

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowment net assets, beginning of year	\$ 4,009	\$ 100,000
Unrealized gain	11,801	-
Appropriation of endowment assets for expenditure	<u>(7,000)</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 8,810</u>	<u>\$ 100,000</u>