

**Board of Jewish Education, Inc.
dba The Jewish Education Project**

Financial Statements

June 30, 2020

Independent Auditors' Report

Board of Directors
Board of Jewish Education, Inc.
dba The Jewish Education Project

We have audited the accompanying financial statements of Board of Jewish Education, Inc. dba The Jewish Education Project (the "Organization") which comprise the statement of financial position as of June 30, 2020, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Board of Jewish Education, Inc. dba The Jewish Education Project as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

PKF O'Connor Davies, LLP

March 15, 2021

PKF O'CONNOR DAVIES, LLP
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**Board of Jewish Education, Inc.
dba The Jewish Education Project**

Statement of Financial Position

June 30, 2020

ASSETS

Cash and cash equivalents	\$ 6,729,986
Accounts receivable, net of allowance for doubtful accounts \$175,000	1,710,067
Grants and contributions receivable	497,550
Prepaid expenses and other assets	26,209
Investments	4,967,650
Property and equipment, net	<u>332,547</u>
	<u>\$ 14,264,009</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 1,311,804
Accrued benefits and payroll taxes	809,554
Loan payable	1,043,500
Deferred rent payable	398,748
Deferred income	<u>5,947,134</u>
Total Liabilities	<u>9,510,740</u>

Net Assets

Without donor restrictions	4,637,597
With donor restrictions	<u>115,672</u>
Total Net Assets	<u>4,753,269</u>

\$ 14,264,009

Board of Jewish Education, Inc.
dba The Jewish Education Project

Statement of Activities
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE AND SUPPORT			
United Jewish Appeal - Federation of Jewish Philanthropies	\$ 4,798,462	\$ -	\$ 4,798,462
Contributions and gifts	313,200	-	313,200
Grants	2,161,746	24,502	2,186,248
Special events	380,437	-	380,437
Service fees - school food services (net of expenses \$832,575)	613,616	-	613,616
Service fees - other	555,663	-	555,663
Gain on sale of food (net of expenses \$2,459,323)	460,229	-	460,229
Realized and unrealized loss on investments	(4,302)	-	(4,302)
Interest and dividends	23,248	-	23,248
Rental income	105,334	-	105,334
Net assets released from restrictions	29,623	(29,623)	-
Total Operating Revenue and Support	9,437,256	(5,121)	9,432,135
OPERATING EXPENSES			
Program services	7,871,852	-	7,871,852
Management and general	1,805,263	-	1,805,263
Resource development and fundraising	897,967	-	897,967
Total Expenses	10,575,082	-	10,575,082
Change in Net Assets	(1,137,826)	(5,121)	(1,142,947)
NET ASSETS			
Beginning of year	5,775,423	120,793	5,896,216
End of year	\$ 4,637,597	\$ 115,672	\$ 4,753,269

**Board of Jewish Education, Inc.
dba The Jewish Education Project**

Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services							Supporting Services				Total
	School Food	Day Schools	Early Childhood	Congregational Learning	Teen Engagement	RootOne	Cross Agency	Total Program Services	Management and General	Resource Development and Fundraising	Total Supporting Services	
Salaries	\$ 436,927	\$ 705,456	\$ 601,021	\$ 741,546	\$ 907,225	\$ 119,125	\$ 450,517	\$ 3,961,817	\$ 860,090	\$ 498,465	\$ 1,358,555	\$ 5,320,372
Payroll taxes	32,510	49,545	39,637	43,095	66,802	3,057	28,974	263,620	45,104	28,287	73,391	337,011
Employee benefits	168,438	155,040	90,186	134,857	178,088	1,445	94,975	823,029	160,952	85,842	246,794	1,069,823
Total Salaries and Related Expenses	637,875	910,041	730,844	919,498	1,152,115	123,627	574,466	5,048,466	1,066,146	612,594	1,678,740	6,727,206
Consultants and lecturers	-	190,940	26,700	105,128	301,478	20,000	232,945	877,191	41,567	138,430	179,997	1,057,188
Awards	-	101	-	-	-	-	-	101	1,064	-	1,064	1,165
Tuition and stipends	-	11,650	10,180	-	88,309	-	222,485	332,624	-	-	-	332,624
Travel	2,111	9,547	1,818	9,349	158,586	1,405	13,954	196,770	24,710	117	24,827	221,597
Conferences and dues	1,127	3,498	2,187	18,865	59,881	-	10,933	96,491	20,155	1,376	21,531	118,022
Supplies	185	4,433	1,131	3,258	8,540	-	7,905	25,452	2,018	1,253	3,271	28,723
Advertising	-	723	500	560	75,031	-	25,011	101,825	17,560	58,151	75,711	177,536
Food	3,292,606	35,994	789	5,781	38,820	52	18,742	3,392,784	31,199	420	31,619	3,424,403
Equipment rental and expense	22,635	12,200	7,192	22,377	19,616	676	13,343	98,039	21,106	8,246	29,352	127,391
CRM and website	-	-	-	-	-	-	105,773	105,773	-	-	-	105,773
Repair and maintenance	6,012	10,589	6,877	13,187	17,247	657	10,581	65,150	20,512	6,327	26,839	91,989
Audit	-	-	-	-	-	3,900	-	3,900	62,111	-	62,111	66,011
Insurance	1,962	3,455	2,244	3,387	5,628	215	3,453	20,344	6,692	2,065	8,757	29,101
Office supplies	5,234	8,924	4,954	15,027	14,259	463	9,126	57,987	14,454	4,871	19,325	77,312
Bank and investment fees	43	3,533	274	28	704	-	1,200	5,782	28,758	-	28,758	34,540
Bad debt	-	-	-	-	-	-	-	-	60,040	-	60,040	60,040
Miscellaneous	1,516	3,458	2,101	3,079	5,009	365	2,416	17,944	5,545	1,953	7,498	25,442
Rent	53,973	95,065	61,741	188,904	154,829	5,902	94,993	655,407	184,144	56,801	240,945	896,352
Utilities	5,096	8,975	5,829	17,677	14,618	557	8,968	61,720	17,384	5,363	22,747	84,467
Total expenses before depreciation	4,030,375	1,313,126	865,361	1,326,105	2,114,670	157,819	1,356,294	11,163,750	1,625,165	897,967	2,523,132	13,686,882
Depreciation	-	-	-	-	-	-	-	-	180,098	-	180,098	180,098
Total Expenses	4,030,375	1,313,126	865,361	1,326,105	2,114,670	157,819	1,356,294	11,163,750	1,805,263	897,967	2,703,230	13,866,980
Less: cost of goods sold and other food expenses	(3,291,898)	-	-	-	-	-	-	(3,291,898)	-	-	-	(3,291,898)
Total Expenses Reported by Function on the Statement of Activities	\$ 738,477	\$ 1,313,126	\$ 865,361	\$ 1,326,105	\$ 2,114,670	\$ 157,819	\$ 1,356,294	\$ 7,871,852	\$ 1,805,263	\$ 897,967	\$ 2,703,230	\$ 10,575,082

**Board of Jewish Education, Inc.
dba The Jewish Education Project**

Statement of Cash Flows
Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (1,142,947)
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	180,098
Deferred rent payable	(55,134)
Net realized and unrealized loss on investments	4,302
Bad debt expense	60,040
Change in operating assets and liabilities	
Accounts receivable	104,407
Grants and contributions receivable	(74,687)
Inventory- school food services	33,060
Prepaid expenses and other assets	37,308
Accounts payable and accrued expenses	(1,110,282)
Accrued benefits and payroll taxes	446,469
Deferred income	<u>4,550,893</u>
Net Cash from Operating Activities	3,033,527

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of investments	490,699
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CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from loan	<u>1,043,500</u>
Net Change in Cash and Cash Equivalents	4,567,726

CASH AND CASH EQUIVALENTS

Beginning of year	<u>2,162,260</u>
End of year	<u><u>\$ 6,729,986</u></u>

See notes to financial statements

**Board of Jewish Education, Inc.
dba The Jewish Education Project**

Notes to the Financial Statements
June 30, 2020

1. Organization

Board of Jewish Education, Inc. dba The Jewish Education Project (the Organization) 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 Organization's new iteration, the Organization 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, the Organization has also moved beyond traditional formats and work to develop new delivery models – in the classroom and beyond. Though the primary focus is to serve educators and institutions in Metropolitan New York, Long Island, and Westchester, the Organization is now working nationally, as well as providing thought leadership and consulting in cutting-edge early childhood programs, teen engagement, and the integration of educational technology, among others.

The Organization is funded primarily through grants from United Jewish Appeal-Federation of Jewish Philanthropies (UJA) and other national foundations. The Organization is also supported through contributions, grants and service fees.

The following are descriptions of the Organization's programs:

School Food

The Organization 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 the Organization turns 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 UJA and foundation support the Organization works with school leaders to introduce educational innovations into their schools that will have greater impact on student learning.

Early Childhood

The Organization 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. The Organization conducts professional days of learning and in-depth consultations to create family and child-centered approaches to early learning and family engagement.

**Board of Jewish Education, Inc.
dba The Jewish Education Project**

Notes to the Financial Statements
June 30, 2020

1. Organization (continued)

Congregational Learning

The Organization helps congregations create new models of learning that help today's families and children build meaningful lives grounded in Jewish values and practice. The Organization has worked with approximately 175 congregations in the New York area over the past decade and works with 300-400 congregational school educators on an annual basis.

Teen Engagement

Over the past number of years, the Organization has trained over 1,000 teen engagement professionals in nearly 300 institutions – 80 percent of these in the New York area. The Organization's goal is to professionalize the field of Jewish teen engagement to ensure stronger and more teen-focused programming.

RootOne

Seeded by a generous grant from the Marcus Foundation and powered by the Organization, *RootOne* will provide major subsidies for trip participants (called *RootOne* Vouchers), invest in elevating trip curricula and experiences, and work with its partners to create deeper pre- and post-trip engagement opportunities to help strengthen participants' Jewish identities and connections to Israel before they begin college.

Other Programs

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

2. Significant Accounting Policies

Basis of Presentation and Use of Estimates

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which 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. Accordingly, actual results could differ from those estimates.

**Board of Jewish Education, Inc.
dba The Jewish Education Project**

Notes to the Financial Statements
June 30, 2020

2. Significant Accounting Policies (continued)

New Accounting Policies

Revenue from Contracts with Customers

Effective July 1, 2019, the Organization implemented ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The new revenue recognition guidance does not apply to how contributions and pledges are recognized, as they are specifically scoped out of the new guidance.

The core principle of the new guidance is that an entity should recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive for those promised goods or services to customers. The guidance includes a five-step framework to determine the timing and amount of revenue to recognize related to contracts with customers. In addition, this guidance requires new or expanded disclosures related to judgments made by entities when following this framework.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the audited financial statements were required on a retrospective basis. When revenue is earned over a period that spans the year end, it is recognized in the applicable period in which it is earned (i.e. test fees). The new guidance requires the Organization to not recognize revenue until it is probable of collection. Based on the Organization's strong collection experience, the Organization has concluded that all revenue recognized is probable of collection.

Recognition of Contributions

Effective July 1, 2019, the Organization implemented ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"). The ASU provides a framework for evaluating whether grants or contributions should be accounted for as exchange transactions or as non-exchange transactions. Adoption of the ASU resulted in no significant changes in the way the Organization recognize revenue, and therefore no changes to audited financial statements were required on a modified retrospective basis.

Net Asset Presentation

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The net assets of the Organization and the changes therein are classified and reported as follows:

Without donor restrictions – net assets that are not subject to donor-imposed restrictions.

With donor restrictions - net assets that are subject to donor-imposed restrictions.

**Board of Jewish Education, Inc.
dba The Jewish Education Project**

Notes to the Financial Statements
June 30, 2020

2. Significant Accounting Policies (continued)

Net Asset Presentation (continued)

Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The investment return on these net assets may be used for either general or donor-specified purposes.

Net assets released from restrictions - Represent the expirations of donor-imposed restrictions (i) the long-lived assets acquired have been placed in service or (ii) the donor-stipulated purposes or time requirements have been fulfilled.

Fair Value Measurements

The Organization follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Pursuant to U.S. GAAP guidance, alternative investments where fair value is measured using the Net Asset Value ("NAV") per share as a practical expedient are not recognized within the fair value hierarchy.

Investments Valuation and Income Recognition

The fair value of alternative investments has been estimated using the NAV as reported by the management of the respective alternative investment funds.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

**Board of Jewish Education, Inc.
dba The Jewish Education Project**

Notes to the Financial Statements
June 30, 2020

2. Significant Accounting Policies (continued)

Allowance for Doubtful Accounts

Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction in accounts receivable. At June 30, 2020, the allowance for uncollectible receivables was \$175,000.

Property and Equipment

Property and equipment are reported at cost at the date of their acquisition or at their fair values at the date of donation. Major renovations and repairs are capitalized, whereas minor costs of repairs and maintenance are expensed as incurred. Assets are removed from the Organization's records at the time of disposal.

Depreciation is provided using the straight-line method over the estimated useful lives of the related assets as follows:

Leasehold improvements	7 – 20 years
Furniture and equipment	3 – 10 years
Telephone systems	3 – 5 years

Impairment of Long-Lived Assets

U.S. GAAP guidance, Accounting for the Impairment or Disposal of Long-lived Assets requires long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, impairment would then be measured as the difference between the fair value of the asset and its carrying value to determine the amount of the impairment. The Organization generally determines fair value by using the undiscounted cash flow method. No impairment losses have been recorded to date.

Inventory

Inventories consist of food held for sale in connection with the Organization's school food program. Costs of goods sold are determined using the first-in, first-out (FIFO) method. FIFO inventories are stated at the lower of cost and net realizable value.

Shipping and Handling Costs

Shipping and handling costs, which are charged directly to the customers, approximated \$410,000 in 2020 and are included as a component of service fees for school food services.

**Board of Jewish Education, Inc.
dba The Jewish Education Project**

Notes to the Financial Statements
June 30, 2020

2. Significant Accounting Policies (continued)

Contributions and Contributions Receivable

Contributions are recognized as revenue in the period in which an unconditional pledge is received. Contributions and unconditional promises to give are considered to be available for general use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restricted support, which increases that net asset class. When the donor time restriction expires or the specified purpose of donor-restricted contribution is met, the net assets are released from restriction and transferred to without donor restricted net assets. Contributions of assets other than cash are recorded at their estimated fair value. Unconditional promises to give over a period beyond one year are discounted to present value and the discount is amortized to contribution income over the anticipated collection period using a risk adjusted discount rate.

No amounts have been reflected in the accompanying financial statements for donated services because the value of such services does not meet the criteria for recognition.

Deferred Revenue

Deferred revenue represents amounts for various services that will be provided at a future date.

Revenue Recognition

Grants

Support funded by UJA and other grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Special Events

The Organization 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 service fees are contracted annually and billed monthly to schools that procured services for administrative support of the National School Breakfast, Lunch, and Snack programs. Schools that receive USDA Kosher commodities through these services are billed monthly for storage in and shipping of commodities from the contracted warehouse. The Organization facilitates kosher supervision of USDA Kosher commodities and schools are billed annually for the services of the Rabbi and his team.

**Board of Jewish Education, Inc.
dba The Jewish Education Project**

Notes to the Financial Statements
June 30, 2020

2. Significant Accounting Policies (continued)

Revenue Recognition (continued)

Service Fees (continued)

Under contract with Eastern Suffolk BOCES, the Organization provides support for private schools to access and enter student data into the NYS Student Data Warehouse (otherwise known as Level Zero). Private schools seeking to participate in the NYS Education Department's Testing Program (3 – 8 ELA/Math/Science exams, NYSITELL/NYSESLAT exams, and / or Regents exams) must use this system. The Organization also scores and scans student test papers.

Revenue from other service fees are recognized when the services are performed.

Functional Allocation of Expenses

Expenses are charged directly to program services, management and general, and resource Development and fundraising based on specific identification to the extent practicable. Expenses related to more than one function have been allocated using reasonable ratios determined by management. The expenses that are allocated include salaries and related taxes and employee benefits which are allocated based on an estimate of time and effort and other expenses which include office and administrative expenses which are allocated based on the functions receiving the benefit.

Advertising

Advertising costs are expensed as they are incurred, and totaled \$177,536 for the year ended June 30, 2020.

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only when they are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure.

Subsequent Events

Management has evaluated subsequent events disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 15, 2021.

**Board of Jewish Education, Inc.
dba The Jewish Education Project**

Notes to the Financial Statements
June 30, 2020

3. Fair Value Measurements

Investments measured at June 30, 2020 using the net asset value per share as a practical expedient consist of the following:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
UJA pooled Investment account (1)	\$4,967,650	\$ -	Unlimited	30 days

(1) UJA pooled investment account: A share in the pooled investments of UJA to benefit from the various diversified strategies that UJA invests in, included cash and bonds (7.9 percent), diversified hedge funds (19.6 percent), public equity (37.2 percent), private equity (13.3 percent), hedged equity (7.5 percent), IG credit (5.8 percent), non – IG credit (4.6 percent), opportunistic hedge funds (2.5 percent), natural resources (1.1 percent) and real estate (0.5 percent) at June 30, 2020. The purpose is to generate appreciation while managing risk through diversification.

The following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2020.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

4. Property and Equipment

Property and equipment consisted of the following at June 30, 2020:

Furniture and equipment	\$ 933,103
Leasehold improvement	963,932
Telephone systems	<u>17,785</u>
	1,914,820
Accumulated depreciation	<u>(1,582,273)</u>
	<u>\$ 332,547</u>

**Board of Jewish Education, Inc.
dba The Jewish Education Project**

Notes to the Financial Statements
June 30, 2020

5. Loan Payable

On May 4, 2020, the Organization received loan proceeds in the amount of \$1,043,500 under the Paycheck Protection Program (“PPP Loan”). The PPP Loan, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period. If only a portion of the loan is deemed forgiven, the unforgiven portion of the PPP Loan is payable over two years at an interest rate of 1% with a deferral of payments for the first six months.

6. Net Assets with Donor Restrictions

Net assets with donor restrictions activity for the year ended June 30, 2020 consisted of the following:

	With Donor Restrictions		
	Temporary in Nature	Perpetual in Nature	Total
Net assets, beginning of year	\$ 15,672	\$ 105,121	\$ 120,793
Grants	24,502	-	24,502
Released from restriction	(24,502)	(5,121)	(29,623)
Net assets, end of year	\$ 15,672	\$ 100,000	\$ 115,672

7. Endowment Funds

The Organization’s governing body is subject to the State of New York Prudent Management of Institutional Funds Act (NYPMIFA). As a result, the Organization classifies earnings on in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

**Board of Jewish Education, Inc.
dba The Jewish Education Project**

Notes to the Financial Statements
June 30, 2020

7. Endowment Funds (continued)

Additionally, in accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Organization and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Organization
7. Investment policies of the Organization

The Organization's endowment consists of one fund established to support Jewish Family Education. As required by U.S. GAAP net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The composition of net assets by type of endowment fund at June 30, 2020, was:

	<u>With Donor Restrictions</u>
Donor-restricted endowment funds	
Original perpetual donor-restricted gift	
Endowment net assets	<u>\$ 100,000</u>

Change in endowment net assets for the year ended June 30, 2020 were:

	<u>With Donor Restrictions</u>
Endowment net assets, beginning of year	\$ 105,121
Appropriation of endowment assets for expenditures	<u>(5,121)</u>
Endowment net assets, end of year	<u>\$ 100,000</u>

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Notes to the Financial Statements
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7. Endowment Funds (continued)

The objective of the Organization is to maintain the principal endowment funds at the original amount designated by the donor while generating income for the Organization's programs. The investment policy to achieve this objective is to invest in the UJA Pooled Investment Account, which generates appreciation while managing risk through diversification. Interest earned in relation to the endowment funds is recorded as income with donor restrictions and released from restriction upon appropriation and expenditure for the program for which the endowment fund was established.

The Organization has a spending policy of appropriating for expenditure each year 7 percent of its endowment fund's fair value through the year end preceding the year in which expenditure is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment.

At June 30, 2020 the endowment was not underwater.

8. Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2020, comprise the following:

Financial Assets	
Cash and cash equivalents	\$ 6,729,986
Accounts receivable, net	1,710,067
Grants and contributions receivable	497,550
Investments	<u>4,967,650</u>
Total Financial Assets at Year End	<u>13,905,253</u>
Less: Contractual, internally designated or donor restricted amounts	
Restricted by donors	15,672
Endowments	<u>100,000</u>
Total donor-imposed restrictions	<u>115,672</u>
Total Financial Assets Available to Meet General Expenditures Over next Twelve Months	<u>\$ 13,789,581</u>

The Organization's endowment funds consist of a donor-restricted endowment. Income from the donor-restricted endowment is restricted for Jewish Family Education. Donor-restricted endowment funds are not available for general expenditure.

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

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9. School Food Services

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

10. Lease Commitments

Noncancelable lease commitments for office space expire in various years through October 2029. A portion of the leased space is subleased under leases expiring over the next two fiscal years. As of June 30, 2020 rent expense and sublease rental income amounted to \$896,353 and \$105,334.

The minimum annual rental payments and sublease income as of June 30, 2020 are as follows:

Year	Gross	Income from Subtenants	Net
2021	\$ 810,339	\$ 30,130	\$ 780,209
2022	827,115	-	827,115
2023	844,224	-	844,224
2024	247,666	-	247,666
2025	44,413	-	44,413
Thereafter	178,557	-	178,557
	\$ 2,952,314	\$ 30,130	\$2,922,184

11. Pension and Other Postretirement Benefit Plans

The Organization has a defined contribution pension plan covering substantially all employees. The plan is funded with TIAA. Dependent upon the employee salary level, employees are required to contribute 6-½ percent of their salaries to the plan to be eligible for a matching contribution equaling 7-½ percent of their salaries. Employees are eligible to participate in the plan after one year of service. Vesting is 100 percent 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, 2020 was \$284,475.

The Organization is a participating member of the UJA-Federation multiemployer defined benefit pension plan (the Plan) covering eligible union and non-union employees, as well as eligible employees of participating affiliated agencies of UJA-Federation. An employer's risks of participating in a multiemployer plan are different from a single employer plan in that the assets contributed to a multiemployer plan may be used to provide benefits to employees of other participating employers; and if a participating employer stops contributing to the plan, unfunded obligations, if any, of the plan may be borne by the remaining participating employers. If an employer chooses to stop participating in some of its multiemployer plans, the employer may be required to those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

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11. Pension and Other Postretirement Benefit Plans *(continued)*

The actuarial present value of accumulated plan benefits and net assets available for benefits relating to the Organization's employees is not available because such information is not accumulated for each participating organization. The Organization employees are all non-union. The Plan, Retirement Plan for Employees of United Jewish Appeal-Federation of Jewish Philanthropies of New York, Inc. and Affiliated Agencies and Institutions, is filed under the Employer Identification Number 51-0172429 and the three-digit Pension Plan Number 333. The Plan is not required to file an annual zone certification under the Pension Protection Act of 2006 (PPA) and disclosures concerning a financial improvement plan or a rehabilitation plan are not applicable. The Plan is at least 80 percent funded using the most recent financial information as of October 1, 2019, the beginning of the Plan year. Pension expense for the year ended June 30, 2020 was \$14,127.

12. Credit Risk Concentration

Financial instruments that potentially subject the Organization to concentrations of credit risk and market risk consist principally of cash and cash equivalents on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. The Organization does not believe that a significant risk of loss due to failure of a financial institution presently exists. At June 30, 2020, \$6,698,453 of cash was maintained with institutions in excess of FDIC limits.

In addition, contributions receivable from two donors aggregated to 78% of the contributions receivable balance at June 30, 2020.

13. COVID-19

The Organization's operations and financial performance may be affected by the recent coronavirus outbreak which has spread globally and is expected to adversely affect economic conditions throughout the world. If the outbreak continues and conditions worsen, the Organization may experience a disruption in operations as well as a decline in support and revenues. The outbreak is likely to adversely affect the Organization's business, financial conditions and results of operations on an interim basis.

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