



PRIZMAH

Center for Jewish Day Schools

FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

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June 30, 2022 and 2021

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Independent Auditor's Report

To the Board of Directors of
Prizmah: Center for Jewish Day Schools, Inc.:

Opinion

We have audited the financial statements of Prizmah: Center for Jewish Day Schools, Inc. (a New York nonprofit corporation) (Prizmah), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Prizmah: Center for Jewish Day Schools, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Prizmah and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about Prizmah's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Prizmah's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about Prizmah's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

AAFCPA, Inc.

Boston, Massachusetts
December 15, 2022

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Statements of Financial Position
June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Current Assets:						
Cash and cash equivalents	\$ 3,403,844	\$ 275,950	\$ 3,679,794	\$ 3,110,223	\$ 348,990	\$ 3,459,213
Current portion of pledges and grants receivable	495,971	925,000	1,420,971	226,130	75,000	301,130
Accounts receivable	108,042	-	108,042	94,148	-	94,148
Prepaid expenses and other current assets	139,322	-	139,322	60,295	-	60,295
Total current assets	4,147,179	1,200,950	5,348,129	3,490,796	423,990	3,914,786
Pledges and Grants Receivable, net of current portion	-	-	-	-	25,000	25,000
Security Deposit	109,830	-	109,830	109,830	-	109,830
Property and Equipment, net	166,781	-	166,781	222,510	-	222,510
Total assets	4,423,790	1,200,950	5,624,740	3,823,136	448,990	4,272,126
Liabilities and Net Assets						
Current Liabilities:						
Accounts payable and accrued expenses	202,063	-	202,063	254,001	-	254,001
Current portion of accrued rent	42,378	-	42,378	34,321	-	34,321
Deferred revenue	55,428	-	55,428	44,523	-	44,523
Total current liabilities	299,869	-	299,869	332,845	-	332,845
Long-Term Liabilities:						
Note payable	-	-	-	632,925	-	632,925
Accrued rent, net of current portion	37,310	-	37,310	79,688	-	79,688
Total liabilities	337,179	-	337,179	1,045,458	-	1,045,458
Net Assets:						
Without donor restrictions:						
Operating	3,919,830	-	3,919,830	2,555,168	-	2,555,168
Property and equipment	166,781	-	166,781	222,510	-	222,510
Total without donor restrictions	4,086,611	-	4,086,611	2,777,678	-	2,777,678
With donor restrictions	-	1,200,950	1,200,950	-	448,990	448,990
Total net assets	4,086,611	1,200,950	5,287,561	2,777,678	448,990	3,226,668
Total liabilities and net assets	\$ 4,423,790	\$ 1,200,950	\$ 5,624,740	\$ 3,823,136	\$ 448,990	\$ 4,272,126

The accompanying notes are an integral part of these statements.

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PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support:						
Grants and contributions	\$ 5,246,066	\$ 1,025,000	\$ 6,271,066	\$ 4,538,225	\$ 448,990	\$ 4,987,215
Program and service fees	827,366	-	827,366	637,246	-	637,246
Membership	180,360	-	180,360	158,270	-	158,270
Conference	147,435	-	147,435	94,961	-	94,961
Interest and other income	8,784	-	8,784	3,831	-	3,831
Net assets released from time restrictions	63,250	(63,250)	-	450,750	(450,750)	-
Net assets released from purpose restrictions	209,790	(209,790)	-	2,217,916	(2,217,916)	-
Total operating revenue and support	6,683,051	751,960	7,435,011	8,101,199	(2,219,676)	5,881,523
Operating Expenses:						
Program	3,890,056	-	3,890,056	4,957,385	-	4,957,385
General and administrative	1,348,813	-	1,348,813	1,503,848	-	1,503,848
Fundraising	768,174	-	768,174	742,011	-	742,011
Total operating expenses	6,007,043	-	6,007,043	7,203,244	-	7,203,244
Changes in net assets from operations	676,008	751,960	1,427,968	897,955	(2,219,676)	(1,321,721)
Non-Operating Revenue:						
Forgiveness of debt	632,925	-	632,925	632,925	-	632,925
Changes in net assets	1,308,933	751,960	2,060,893	1,530,880	(2,219,676)	(688,796)
Net Assets:						
Beginning of year	2,777,678	448,990	3,226,668	1,246,798	2,668,666	3,915,464
End of year	\$ 4,086,611	\$ 1,200,950	\$ 5,287,561	\$ 2,777,678	\$ 448,990	\$ 3,226,668

The accompanying notes are an integral part of these statements.

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Statements of Cash Flows

For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 2,060,893	\$ (688,796)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	131,647	94,277
Forgiveness of debt	(632,925)	(632,925)
Changes in operating assets and liabilities:		
Pledges and grants receivable	(1,094,841)	(272,719)
Accounts receivable	(13,894)	19,882
Prepaid expenses and other current assets	(79,027)	(21,581)
Accounts payable and accrued expenses	(51,938)	(898,677)
Deferred revenue	10,905	(1,486)
Accrued rent	(34,321)	(26,498)
	<u>296,499</u>	<u>(2,428,523)</u>
Net cash provided by (used in) operating activities		
	<u>296,499</u>	<u>(2,428,523)</u>
Cash Flows from Investing Activities:		
Acquisition of property and equipment	<u>(75,918)</u>	<u>(168,427)</u>
Cash Flows from Financing Activities:		
Proceeds from note payable	<u>-</u>	<u>632,925</u>
Change in Cash and Cash Equivalents	220,581	(1,964,025)
Cash and Cash Equivalents:		
Beginning of year	<u>3,459,213</u>	<u>5,423,238</u>
End of year	<u>\$ 3,679,794</u>	<u>\$ 3,459,213</u>

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Statements of Functional Expenses
For the Years Ended June 30, 2022 and 2021

	2022				2021			
	Program	General and Administrative	Fundraising	Total Expenses	Program	General and Administrative	Fundraising	Total Expenses
Salaries and Related Expenses:								
Salaries	\$ 2,011,119	\$ 807,971	\$ 538,611	\$ 3,357,701	\$ 1,849,653	\$ 892,090	\$ 535,743	\$ 3,277,486
Payroll taxes and fringe benefits	370,989	164,484	80,676	616,149	344,749	191,158	78,436	614,343
Total salaries and related expenses	2,382,108	972,455	619,287	3,973,850	2,194,402	1,083,248	614,179	3,891,829
Other:								
Professional services	296,067	189,192	42,507	527,766	97,201	204,027	34,862	336,090
Conferences, conventions and meetings	467,046	9,335	2,053	478,434	34,758	16,354	500	51,612
Occupancy	178,419	53,734	45,385	277,538	160,195	92,152	36,934	289,281
Information technology	120,446	23,702	24,154	168,302	66,188	35,735	16,665	118,588
Program consultants	167,812	-	-	167,812	245,507	-	-	245,507
Depreciation	77,923	32,559	21,165	131,647	51,359	27,018	15,900	94,277
Travel and meals	71,749	13,467	7,045	92,261	2,620	262	-	2,882
Mission support	34,843	49,701	3,680	88,224	18,359	37,047	7,120	62,526
Stipends	46,397	-	-	46,397	2,054,385	-	-	2,054,385
Printing and postage	31,643	2,918	2,287	36,848	3,867	553	12,632	17,052
Program supplies	12,343	-	-	12,343	5,563	-	-	5,563
Office supplies	3,260	1,250	611	5,121	9,904	7,324	2,289	19,517
Advertising	-	500	-	500	13,077	128	930	14,135
Total other	1,507,948	376,358	148,887	2,033,193	2,762,983	420,600	127,832	3,311,415
Total expenses	\$ 3,890,056	\$ 1,348,813	\$ 768,174	\$ 6,007,043	\$ 4,957,385	\$ 1,503,848	\$ 742,011	\$ 7,203,244

The accompanying notes are an integral part of these statements.

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Notes to Financial Statements
June 30, 2022 and 2021

1. OPERATIONS AND NONPROFIT STATUS

Operations

Prizmah: Center for Jewish Day Schools, Inc. (Prizmah) is a nonprofit organization. Prizmah is the network for Jewish day schools across North America. Prizmah partners with day schools, yeshivas, philanthropists, and communities from all denominations, helping them grow their reach and impact and tackle the challenges on their paths to success. Prizmah enhances the ability of schools to excel. Prizmah is building networks for schools and their supporters to connect, learn and drive impact - deepening talent by investing in professional and lay leaders; catalyzing resources to generate funding for schools to flourish; and accelerating educational innovation, to foster teaching and learning opportunities that empower students.

During fiscal year 2021, the COVID pandemic required Prizmah to re-prioritize and shift the focus of work to supporting schools through this crisis. One key area of work the organization undertook was providing grant funds to schools to help provide financial support to families affected by the COVID pandemic. Prizmah provided this funding to schools through grants received in fiscal year 2020 from the Jewish Community Response and Impact Fund (JCRIF). A significant portion of the JCRIF funds were distributed to schools in fiscal year 2021. Prizmah also received an additional grant in fiscal year 2021 through JCRIF supporting Prizmah's COVID response work. The JCRIF funding will not continue in future years.

Nonprofit Status

Prizmah is exempt from Federal income taxes as an organization (not a private foundation) under Section 501(c)(3) of the Internal Revenue Code (IRC). Prizmah is also exempt from state income taxes. Donors may deduct contributions made to Prizmah within the requirements of the IRC.

2. SIGNIFICANT ACCOUNTING POLICIES

Prizmah prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Estimates

The preparation of financial statements in accordance with U.S. GAAP 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.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, Prizmah considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of checking and money market accounts in the accompanying financial statements.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts, if any, is based on management's best estimate of the amount of probable credit losses in accounts receivable, specific identification of probable losses, and an estimate of additional losses based on historical write-off experience. There was no allowance at June 30, 2022 and 2021.

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Notes to Financial Statements
June 30, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges and Grants Receivable and Reserve for Uncollectible Pledges and Grants

Pledges and grants are recorded at their net present value when unconditionally committed. The reserve for uncollectible pledges and grants is based on past collection experience together with a review of the current status of the existing pledges and grants. Account balances are charged off against the reserve when it is probable the pledge and grant will not be recovered. There was no reserve for uncollectible pledges and grants at June 30, 2022 and 2021.

Property and Equipment and Depreciation

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the time of donation. Renewals and betterments are capitalized, while repairs and maintenance are expensed as incurred.

Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

Computer and office equipment	3 - 5 years
Office furnishings	7 years
Leasehold improvements	Life of lease

Deferred Revenue

Deferred revenue includes program and service fees received in advance of programs occurring or services being performed.

Net Assets

Without Donor Restrictions are those net resources that bear no external restrictions and are generally available for use by Prizmah. Prizmah has grouped its net assets without donor restrictions into the following categories:

Operating represents funds available to carry on the operations of Prizmah.

Property and equipment reflects the net book value of Prizmah's property and equipment.

With Donor Restrictions are those amounts received with donor restrictions which have not yet been expended for their designated purpose. Net assets with donor restrictions consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Time restricted	<u>\$ 850,000</u>	<u>\$ 88,250</u>
Purpose restricted:		
Orthodox Women in Leadership	200,000	-
Diversity, Equity, Inclusion	150,950	298,240
COVID Research	-	3,500
Support for Small Schools	-	39,000
Enrollment Research	<u>-</u>	<u>20,000</u>
Total purpose restricted	<u>350,950</u>	<u>360,740</u>
Total net assets with donor restrictions	<u>\$ 1,200,950</u>	<u>\$ 448,990</u>

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Grants and Contributions

In accordance with Topic 958, Prizmah must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that Prizmah should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Grants and contributions from foundations and individuals are recorded as revenue and net assets without donor restrictions upon receipt or when unconditionally committed by the donor. Donor restricted grants and contributions that are donations with time or purpose restrictions are recognized as revenues and net assets with donor restrictions when received or when unconditionally committed by the donor. Grants and contributions with donor restrictions are reclassified to net assets without donor restrictions as services are performed and costs are incurred, or pro-rata over the period covered by the grant or contributions as time restrictions lapse. Donor restricted grants received and satisfied in the same period are included in net assets without donor restrictions.

Program and Service Fees

Program and service fees revenue consists of coaching, accreditation, professional development, leadership search, strategic planning and governance training for schools and school professionals, as well as other fees which are recognized as services are provided over the contract period which typically ranges from six months to one year. Payment is due 50% upfront and the other 50% by the end of the contract period. These amounts are recorded as revenue in accordance with Topic 606. Program receivables totaled \$108,042 and \$94,148 as of June 30, 2022 and 2021, respectively.

Membership

Membership consists of network participant fees for school professionals, which is recognized over the membership period, which runs Prizmah's fiscal year. All amounts received in advance of the membership period are recognized as deferred revenue in the accompanying statements of financial position. Membership revenue is recorded as revenue in accordance with Topic 606.

Conference

Conference fees consist of registration fees for online events, which are recognized upon occurrence of the conference (point in time). All amounts received in advance of the conference are recognized as deferred revenue in the accompanying statements of financial position. Conference revenue is recorded as revenue in accordance with Topic 606.

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Notes to Financial Statements
June 30, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contract Balances

The beginning and ending contract balances were as follows:

	<u>July 1, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>
Receivables	\$ 114,030	\$ 94,148	\$ 108,042

Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major or central to the provision of program services are reported as operating revenue and expenses in the accompanying statements of activities and changes in net assets. Non-operating revenue include forgiveness of debt (see Note 9).

Expense Allocation

Expenses related directly to a function are distributed to that function, while other expenses are allocated based upon management's estimate of the percentage attributable to each function.

Direct costs associated with specific programs or functions are recorded as direct expenses to the program or function. The expenses that are allocated are salaries and related expenses, which are allocated on the basis of estimates of time and effort. Indirect costs related to the New York City office staff only, such as occupancy and office supplies are recorded based on a percentage of total salaries by program or function based on estimates of time and effort. Other indirect costs, such as information technology, professional services, and depreciation are recorded based on total salaries by program or function, also based on estimates of time and effort.

Advertising Expenses

Advertising costs are expensed as incurred.

Fair Value Measurements

Prizmah follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that Prizmah would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

Prizmah uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of Prizmah. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs.

Income Taxes

Prizmah accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. Prizmah has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2022 and 2021. Prizmah's information returns are subject to examination by the Federal and state jurisdictions.

Subsequent Events

Subsequent events have been evaluated through December 15, 2022, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

3. PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable represent unconditional promises to give from various donors.

Prizmah has applied for the Employee Retention Tax Credit (ERTC) that was first established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) and was extended and expanded by the Consolidated Appropriations Act (CAA) and American Rescue Plan (ARP). ERTC provides a refundable tax credit against certain employment taxes equal to 70% of the first \$10,000, per quarter, in qualified wages paid to each employee between January 1, 2021 and December 31, 2021 (2021 ERTC). To be eligible, Prizmah must meet certain conditions as described in applicable laws and regulations.

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Notes to Financial Statements
June 30, 2022 and 2021

3. PLEDGES AND GRANTS RECEIVABLE (Continued)

Prizmah has determined that it qualified for the first quarter of 2021, ERTC, and therefore, is accounting for this as conditional grants under ASC Subtopic 958-605. These grants are conditional upon certain performance requirements and the incurrence of eligible expenses. In the opinion of management, these conditions were met as of June 30, 2022 and 2021, and therefore, the entire refund of \$187,105 that Prizmah expects to receive is included in the current portion of pledges and grants receivable without donor restrictions in the accompanying statement of financial position. Eligibility for the credit and the credit calculations are subject to review and approval by the Federal government. In the opinion of management, the results of such reviews and audit will not have a material effect on the financial position of the Prizmah as of June 30, 2022, and on the changes in its net assets for the year then ended.

As of June 30, 2022, all pledges and grants receivable are expected to be collected during fiscal year 2023.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Computer and office equipment	\$ 606,875	\$ 530,957
Office furnishings	36,194	36,194
Leasehold improvements	<u>21,873</u>	<u>21,873</u>
	664,942	589,024
Less - accumulated depreciation	<u>498,161</u>	<u>366,514</u>
	<u>\$ 166,781</u>	<u>\$ 222,510</u>

5. LEASE AGREEMENTS

Prizmah has an operating lease for office space which expires in March 2024. In accordance with the ASC Topic, *Leases*, Prizmah is recording rent expense for the operating lease on a straight-line basis over the term of the lease. Prizmah has recognized \$234,252 of rent expense under this agreement for the years ended June 30, 2022 and 2021, which is included in occupancy in the accompanying statements of functional expenses. Prizmah has accrued rent of \$79,688 and \$114,009 under this agreement as of June 30, 2022 and 2021, respectively, which is reflected as accrued rent in the accompanying statements of financial position. Prizmah has a security deposit totaling \$109,830 at June 30, 2022 and 2021, relating to this lease agreement.

Future minimum cash lease payments are as follows for the years ending June 30:

2023	\$ 276,630
2024	<u>212,998</u>
Total	<u>\$ 489,628</u>

6. EMPLOYMENT BENEFIT PLAN

Prizmah participates in a 401(k) Retirement Plan (the Plan). Under the Plan, Prizmah matches 100% of an employee's elective deferral to the Plan up to 4% of eligible employee wages. Employees are fully vested in the match once received. Pension expense was \$85,501 and \$87,685 for the years ended June 30, 2022 and 2021, respectively, and is included in payroll taxes and fringe benefits in the accompanying statements of functional expenses.

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Notes to Financial Statements
June 30, 2022 and 2021

7. CONDITIONAL GRANTS

Prizmah has been awarded conditional grants from various funders that are contingent upon certain factors as specified in the grant agreements, including achieving agreed upon performance benchmarks and incurring certain costs. Accordingly, the revenue recognized from these grants is recorded when it is earned, and any amounts received in advance are recorded as deferred revenue. Conditional grants consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 4,308,000	\$ 6,327,000
New grants	153,000	503,000
Grants recognized	<u>(2,728,000)</u>	<u>(2,522,000)</u>
Ending balance	<u>\$ 1,733,000</u>	<u>\$ 4,308,000</u>

Since the remaining balances of these grants are conditional, they are not reflected in the accompanying financial statements.

8. CONCENTRATIONS

During fiscal years 2022 and 2021, Prizmah received grants from foundations that are represented by a Board member of Prizmah, and accounted for approximately 13%, of Prizmah's operating revenue.

At June 30, 2022 and 2021, 20% and 27%, respectively, of operating revenue and support was contributed by one other donor.

At June 30, 2022, 13% and 57% of pledges and grants receivable were from a Federal agency and two donors, respectively. Two donors accounted for approximately 58% and 31% of pledges and grants receivable as of June 30, 2022 and 2021, respectively.

Prizmah maintains its cash balances in a bank in New York. The Federal Deposit Insurance Corporation (FDIC) insures balances at the bank up to certain limits. At certain times during the year, cash balances exceeded the insured amounts. Prizmah has not experienced any losses in such accounts. Prizmah believes it is not exposed to any significant credit risk on cash and cash equivalents.

9. NOTE PAYABLE

Prizmah applied for, and was awarded, a forgivable loan of \$632,925 from the first round of the Paycheck Protection Program (PPP) established by the CARES Act through a bank in fiscal year 2020. The funds were used to pay certain payroll costs, including benefits, as well as rent and utilities during the covered period as defined in the CARES Act. A portion of these funds were eligible to be forgiven, as defined in the agreement, at the end of the covered period and the remainder of the funds were to be due over a two-year period with interest at 1%. No accrued interest was recorded on the note payable as of June 30, 2020, as it would be immaterial to the overall financial statements. The loan was forgiven in full in April 2021.

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Notes to Financial Statements
June 30, 2022 and 2021

9. NOTE PAYABLE (Continued)

Prizmah applied for, and was awarded, second round of PPP loan of \$632,925 established by the CARES Act through a bank in fiscal year 2021. The funds were used to pay certain payroll costs, including benefits, as well as rent and utilities during the covered period as defined in the CARES Act. A portion of these funds were eligible to be forgiven, as defined in the agreement, at the end of the covered period and the remainder of the funds will be due over a five-year period with interest at 1%. No accrued interest was recorded on the note payable as of June 30, 2021, as it would be immaterial to the overall financial statements. The loan was forgiven in full in February 2022.

10. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Prizmah's financial assets available within one year from the statement of financial position date for general operating expenses are as follows as of June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 3,679,794	\$ 3,459,213
Pledges and grants receivable	1,420,971	301,130
Accounts receivable	<u>108,042</u>	<u>94,148</u>
Total financial assets	5,208,807	3,854,491
Less - net assets subject to purpose restrictions	<u>(350,950)</u>	<u>(360,740)</u>
Total financial assets available within one year	<u>\$ 4,857,857</u>	<u>\$ 3,493,751</u>

Prizmah's financial assets are available for use to cover its obligations as they become due. As of June 30, 2022 and 2021, Prizmah has financial assets equal to approximately ten and six months, respectively, of operating expenses.