



**PRIZMAH**

Center for Jewish Day Schools

**FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.**

Contents  
June 30, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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.

### **Emphasis of Matter - Change in Accounting Principle**

As disclosed in Notes 2 and 6 to the financial statements, during fiscal year 2023, Prizmah adopted Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, using the optional transition method, which modified the accounting treatment of leases in the financial statements as of July 1, 2022, and does not require prior periods to be recast. Our opinion is not modified with respect to that matter.

### **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.

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 Prizmahs' 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, that raise substantial doubt about Prizmahs' 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 14, 2023

**PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.**

Statements of Financial Position  
June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Assets</b>						
Current Assets:						
Cash and cash equivalents	\$ 584,054	\$ 627,668	\$ 1,211,722	\$ 3,403,844	\$ 275,950	\$ 3,679,794
Short-term investments	1,040,489	-	1,040,489	-	-	-
Pledges and grants receivable	397,904	205,835	603,739	495,971	925,000	1,420,971
Accounts receivable	294,603	-	294,603	108,042	-	108,042
Prepaid expenses and other current assets	157,155	-	157,155	139,322	-	139,322
Total current assets	2,474,205	833,503	3,307,708	4,147,179	1,200,950	5,348,129
Investments	1,102,200	-	1,102,200	-	-	-
Security Deposit	109,830	-	109,830	109,830	-	109,830
Right-of-Use Operating Lease Asset	173,672	-	173,672	-	-	-
Property and Equipment, net	120,200	-	120,200	166,781	-	166,781
Total assets	\$ 3,980,107	\$ 833,503	\$ 4,813,610	\$ 4,423,790	\$ 1,200,950	\$ 5,624,740
<b>Liabilities and Net Assets</b>						
Current Liabilities:						
Operating lease liability	\$ 210,982	\$ -	\$ 210,982	\$ -	\$ -	\$ -
Accounts payable	234,048	-	234,048	126,246	-	126,246
Accrued expenses	74,729	-	74,729	75,817	-	75,817
Accrued rent	-	-	-	42,378	-	42,378
Deferred revenue	146,783	-	146,783	55,428	-	55,428
Total current liabilities	666,542	-	666,542	299,869	-	299,869
Long-Term Liability:						
Accrued rent, net of current portion	-	-	-	37,310	-	37,310
Total liabilities	666,542	-	666,542	337,179	-	337,179
Net Assets:						
Without donor restrictions:						
Operating	3,193,365	-	3,193,365	3,919,830	-	3,919,830
Property and equipment	120,200	-	120,200	166,781	-	166,781
Total without donor restrictions	3,313,565	-	3,313,565	4,086,611	-	4,086,611
With donor restrictions	-	833,503	833,503	-	1,200,950	1,200,950
Total net assets	3,313,565	833,503	4,147,068	4,086,611	1,200,950	5,287,561
Total liabilities and net assets	\$ 3,980,107	\$ 833,503	\$ 4,813,610	\$ 4,423,790	\$ 1,200,950	\$ 5,624,740

The accompanying notes are an integral part of these statements.

**PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.**

Statements of Activities and Changes in Net Assets  
For the Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue and Support:</b>						
Grants and contributions	\$ 3,645,681	\$ 518,688	\$ 4,164,369	\$ 5,246,066	\$ 1,025,000	\$ 6,271,066
Program and service fees	1,071,270	-	1,071,270	827,366	-	827,366
Conference	728,406	-	728,406	147,435	-	147,435
Membership	128,360	-	128,360	180,360	-	180,360
Interest and other income	44,043	-	44,043	8,784	-	8,784
Net assets released from purpose restrictions	36,135	(36,135)	-	209,790	(209,790)	-
Net assets released from time restrictions	850,000	(850,000)	-	63,250	(63,250)	-
Total operating revenue and support	<u>6,503,895</u>	<u>(367,447)</u>	<u>6,136,448</u>	<u>6,683,051</u>	<u>751,960</u>	<u>7,435,011</u>
<b>Operating Expenses:</b>						
Program	5,519,141	-	5,519,141	3,890,056	-	3,890,056
General and administrative	1,059,734	-	1,059,734	1,348,813	-	1,348,813
Fundraising	729,063	-	729,063	768,174	-	768,174
Total operating expenses	<u>7,307,938</u>	<u>-</u>	<u>7,307,938</u>	<u>6,007,043</u>	<u>-</u>	<u>6,007,043</u>
Changes in net assets from operations	<u>(804,043)</u>	<u>(367,447)</u>	<u>(1,171,490)</u>	<u>676,008</u>	<u>751,960</u>	<u>1,427,968</u>
<b>Non-Operating Revenue:</b>						
Unrealized/realized gain on investments	30,997	-	30,997	-	-	-
Forgiveness of debt	-	-	-	632,925	-	632,925
Total non-operating activities	<u>30,997</u>	<u>-</u>	<u>30,997</u>	<u>632,925</u>	<u>-</u>	<u>632,925</u>
Changes in net assets	(773,046)	(367,447)	(1,140,493)	1,308,933	751,960	2,060,893
<b>Net Assets:</b>						
Beginning of year	<u>4,086,611</u>	<u>1,200,950</u>	<u>5,287,561</u>	<u>2,777,678</u>	<u>448,990</u>	<u>3,226,668</u>
End of year	<u>\$ 3,313,565</u>	<u>\$ 833,503</u>	<u>\$ 4,147,068</u>	<u>\$ 4,086,611</u>	<u>\$ 1,200,950</u>	<u>\$ 5,287,561</u>

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ (1,140,493)	\$ 2,060,893
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	120,379	131,647
Change in operating lease asset and liability	(42,378)	-
Forgiveness of debt	-	(632,925)
Net realized and unrealized gain on investments	(30,997)	-
Changes in operating assets and liabilities:		
Pledges and grants receivable	817,232	(1,094,841)
Accounts receivable	(186,561)	(13,894)
Prepaid expenses and other current assets	(17,833)	(79,027)
Accounts payable and accrued expenses	106,714	(51,938)
Deferred revenue	91,355	10,905
Accrued rent	-	(34,321)
	<u>(282,582)</u>	<u>296,499</u>
<b>Net cash provided by (used in) operating activities</b>		
	<u>(282,582)</u>	<u>296,499</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of investments	(4,740,824)	-
Proceeds from sale of investments	2,629,132	-
Acquisition of property and equipment	(73,798)	(75,918)
	<u>(2,185,490)</u>	<u>(75,918)</u>
<b>Net cash used in investing activities</b>		
	<u>(2,185,490)</u>	<u>(75,918)</u>
<b>Change in Cash and Cash Equivalents</b>	(2,468,072)	220,581
<b>Cash and Cash Equivalents:</b>		
Beginning of year	<u>3,679,794</u>	<u>3,459,213</u>
End of year	<u>\$ 1,211,722</u>	<u>\$ 3,679,794</u>

**PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.**

Statements of Functional Expenses  
For the Years Ended June 30, 2023 and 2022

	2023				2022			
	Program	General and Administrative	Fundraising	Total Expenses	Program	General and Administrative	Fundraising	Total Expenses
<b>Salaries and Related Expenses:</b>								
Salaries	\$ 2,554,897	\$ 575,015	\$ 494,031	\$ 3,623,943	\$ 2,011,119	\$ 807,971	\$ 538,611	\$ 3,357,701
Payroll taxes and fringe benefits	472,807	100,540	77,217	650,564	370,989	164,484	80,676	616,149
Total salaries and related expenses	<u>3,027,704</u>	<u>675,555</u>	<u>571,248</u>	<u>4,274,507</u>	<u>2,382,108</u>	<u>972,455</u>	<u>619,287</u>	<u>3,973,850</u>
<b>Other:</b>								
Conferences, conventions and meetings	925,896	41,906	168	967,970	467,046	9,335	2,053	478,434
Professional services	584,107	193,116	55,021	832,244	296,067	189,192	42,507	527,766
Occupancy	236,935	21,241	37,062	295,238	178,419	53,734	45,385	277,538
Travel and meals	169,235	25,649	16,579	211,463	71,749	13,467	7,045	92,261
Information technology	150,523	24,258	21,573	196,354	120,446	23,702	24,154	168,302
Program consultants	140,517	-	-	140,517	167,812	-	-	167,812
Depreciation	83,826	19,720	16,833	120,379	77,923	32,559	21,165	131,647
Mission support	45,673	48,665	6,413	100,751	34,843	49,701	3,680	88,224
Stipends	99,412	-	-	99,412	46,397	-	-	46,397
Program supplies	32,458	-	-	32,458	12,343	-	-	12,343
Printing and postage	19,789	3,113	3,735	26,637	31,643	2,918	2,287	36,848
Office supplies	2,841	3,014	431	6,286	3,260	1,250	611	5,121
Advertising	225	3,497	-	3,722	-	500	-	500
Total other	<u>2,491,437</u>	<u>384,179</u>	<u>157,815</u>	<u>3,033,431</u>	<u>1,507,948</u>	<u>376,358</u>	<u>148,887</u>	<u>2,033,193</u>
Total expenses	<u>\$ 5,519,141</u>	<u>\$ 1,059,734</u>	<u>\$ 729,063</u>	<u>\$ 7,307,938</u>	<u>\$ 3,890,056</u>	<u>\$ 1,348,813</u>	<u>\$ 768,174</u>	<u>\$ 6,007,043</u>

The accompanying notes are an integral part of these statements.



## PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Notes to Financial Statements  
June 30, 2023 and 2022

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### 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.

#### 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).

#### Recently Adopted Accounting Pronouncement

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes the guidance in *Topic 840, Leases*. Topic 842 amends both lessor and lessee accounting with the most significant change being the requirement for lessees to recognize right-of-use (ROU) assets and lease liabilities in the statement of financial position for operating leases. Prizmah adopted Topic 842 effective July 1, 2022, using the optional transition method provided in ASU 2018-11, *Leases (Topic 842): Targeted Improvements*. Under this transition method, financial information related to years prior to adoption remains as originally reported under Topic 840. Prizmah elected the package of practice expedients permitted under the transition guidance within the new standard, which allowed Prizmah to carry forward historical lease classifications, as well as to skip reassessment of the treatment of initial direct costs and of whether a contract is or contains a lease. Prizmah also elected to exclude short-term leases from the statements of financial position.

The most significant impact of adoption was the recognition of total ROU operating lease asset and operating lease liabilities of \$398,434 and \$478,121, respectively, as of the adoption date on July 1, 2022, related to lessee accounting.

#### 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.

## **PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.**

Notes to Financial Statements  
June 30, 2023 and 2022

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### **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **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, 2023 and 2022.

#### **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, 2023 and 2022.

#### **Right-of-Use Asset and Lease Liability**

Prizmah determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be a lease or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. Prizmah determines such assets are leased because Prizmah has the right to obtain substantially all of the economic benefits from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because Prizmah determines it does not have the right to control and direct the use of the identified asset. Prizmah lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, Prizmah separately identifies lease and non-lease components, such as common area, real estate taxes and other maintenance costs, in calculating the ROU assets and lease liabilities for its leased space. Prizmah has elected the practical expedient to not separate lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease component.

Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liability represents the obligation to make lease payments arising from the lease, measured on a discounted basis. Prizmah determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. Prizmah uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, Prizmah uses the risk-free rate over the applicable lease term.

**PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.**

Notes to Financial Statements  
June 30, 2023 and 2022

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Right-of-Use Asset and Lease Liability (Continued)**

The lease term may include options to extend or to terminate the lease that Prizmah is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

**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, right-of-use operating lease asset, and operating lease liability.

*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>2023</u>	<u>2022</u>
Time restricted	\$ <u>150,000</u>	\$ <u>850,000</u>
Purpose restricted:		
Orthodox Women in Leadership	174,712	200,000
Stronger Together	167,505	-
YouLead	150,000	-
Diversity, Equity, Inclusion	140,103	150,950
Mental Health	25,782	-
Other	<u>25,401</u>	<u>-</u>
Total purpose restricted	<u>683,503</u>	<u>350,950</u>
Total net assets with donor restrictions	<u>\$ 833,503</u>	<u>\$ 1,200,950</u>

## PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Notes to Financial Statements  
June 30, 2023 and 2022

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### 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. Accounts receivables totaled \$294,603 and \$108,042 as of June 30, 2023 and 2022, 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, 2023 and 2022

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition (Continued)

##### *Contract Balances*

The beginning and ending contract balances were as follows:

	<u>July 1, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
Receivables	\$ 94,148	\$ 108,042	\$ 294,603

#### Investments

Interest and dividends are recognized when earned. Realized gains or losses on the sale of investments are recorded on the date of the sale. Unrealized gains or losses are recorded based upon changes in the fair value of investments held.

All other revenue is recognized when earned.

#### 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 includes unrealized/realized gain and forgiveness of debt.

#### 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.

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fair Value Measurements (Continued)**

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.

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, 2023 and 2022. Prizmah's information returns are subject to examination by the Federal and state jurisdictions.

**Subsequent Events**

Subsequent events have been evaluated through December 14, 2023, 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.

## PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Notes to Financial Statements  
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### 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 has determined that it qualified for the first quarter of 2021, ERTC, and therefore, is accounting for these 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 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 as of June 30, 2023 and 2022. 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 Prizmah as of June 30, 2023, and on the changes in its net assets for the year then ended.

As of June 30, 2023, all pledges and grants receivable are expected to be collected during fiscal year 2024.

### 4. INVESTMENTS

Marketable investments are carried at fair value as determined by quoted market prices and consist of the following at June 30, 2023:

Cash	\$ 12,920
U.S. Treasury bills	<u>2,129,769</u>
	<u>\$ 2,142,689</u>

Investments and cash and cash equivalents held by the investment custodians are not insured. Investments are subject to ongoing market fluctuations.

### 5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Computer and office equipment	\$ 680,673	\$ 606,875
Office furnishings	36,194	36,194
Leasehold improvements	<u>21,873</u>	<u>21,873</u>
	738,740	664,942
Less - accumulated depreciation	<u>618,540</u>	<u>498,161</u>
	<u>\$ 120,200</u>	<u>\$ 166,781</u>

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Notes to Financial Statements  
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### 6. LEASE AGREEMENTS

#### Topic - 842

##### *Operating Lease*

Prizmah has an operating lease for office space with an unrelated party in New York, New York which expires in March 2024. Monthly rental payments of \$17,085, increasing 3% each year through the end of the lease. Prizmah has a security deposit totaling \$109,830 at June 30, 2023 and 2022, relating to their lease agreement.

Lease costs:	<u>2023</u>
Operating lease costs (included in occupancy)	\$ 234,252
Variable lease costs	<u>48,635</u>
Total lease costs	<u>\$ 282,887</u>

Under Topic 842, Prizmah used the risk-free rate for all classes of lease assets and uses a 2.84% discount rate for its lease, in accordance with Primah's accounting policy.

The following summarizes the line items in the statement of financial position as of June 30, 2023, which include amounts for operating lease:

ROU operating lease asset	<u>\$ 173,672</u>
Current portion of operating lease liability	<u>\$ 210,982</u>

Future undiscounted cash flows under the above agreements as of June 30, 2023, are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2024	\$ 212,998
Less - present value interest	<u>2,016</u>
Present value of lease liabilities	<u>\$ 210,982</u>

#### Topic - 840

Prizmah has an operating lease for office space which expires in March 2024, under Topic 840. 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 year ended June 30, 2022, which is included in occupancy in the accompanying statements of functional expenses. Prizmah has accrued rent of \$37,310 under this agreement as of June 30, 2022, 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, 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>



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Notes to Financial Statements  
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### 7. 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 \$87,609 and \$85,501 for the years ended June 30, 2023 and 2022, respectively, and is included in payroll taxes and fringe benefits in the accompanying statements of functional expenses.

### 8. 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>2023</u>	<u>2022</u>
Beginning balance	\$ 1,733,000	\$ 4,308,000
New grants	1,948,000	153,000
Grants recognized	<u>(2,603,000)</u>	<u>(2,728,000)</u>
Ending balance	<u>\$ 1,078,000</u>	<u>\$ 1,733,000</u>

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

### 9. CONCENTRATIONS

During fiscal year and 2022, 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, 2023 and 2022, 27% and 20%, respectively, of operating revenue and support was contributed by one donor.

At June 30, 2023 and 2022, 29% and 13% of pledges and grants receivable were from a Federal agency, respectively. One donor and two donors, respectively, accounted for approximately 23% and 58% of pledges and grants receivable as of June 30, 2023 and 2022, 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.

**PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.**

Notes to Financial Statements  
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**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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,211,722	\$ 3,679,794
Short-term investments	1,040,489	-
Pledges and grants receivable	603,739	1,420,971
Accounts receivable	<u>294,603</u>	<u>108,042</u>
Total financial assets	3,150,553	5,208,807
Less - net assets subject to purpose restrictions	<u>(683,503)</u>	<u>(350,950)</u>
Total financial assets available within one year	<u>\$ 2,467,050</u>	<u>\$ 4,857,857</u>

Prizmah's financial assets are available for use to cover its obligations as they become due. As of June 30, 2023 and 2022, Prizmah has financial assets equal to approximately four and ten months, respectively, of operating expenses.

**11. NOTE PAYABLE**

Prizmah applied for, and was awarded, a second round of Paycheck Protection Program (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.