



PRIZMAH

Center for Jewish Day Schools

**FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

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June 30, 2024 and 2023

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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, 2024 and 2023, 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, 2024 and 2023, 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 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 9, 2024

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Statements of Financial Position
June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Current Assets:						
Cash and cash equivalents	\$ 198,040	\$ 513,500	\$ 711,540	\$ 584,054	\$ 627,668	\$ 1,211,722
Short-term investments	801,814	-	801,814	1,040,489	-	1,040,489
Pledges and grants receivable	864,465	-	864,465	397,904	205,835	603,739
Accounts receivable	196,892	-	196,892	294,603	-	294,603
Prepaid expenses and other current assets	182,875	-	182,875	157,155	-	157,155
Total current assets	2,244,086	513,500	2,757,586	2,474,205	833,503	3,307,708
Investments	1,199,952	-	1,199,952	1,102,200	-	1,102,200
Security Deposit	102,449	-	102,449	109,830	-	109,830
Right-of-Use Operating Lease Asset	-	-	-	173,672	-	173,672
Property and Equipment, net	99,513	-	99,513	120,200	-	120,200
Total assets	<u>\$ 3,646,000</u>	<u>\$ 513,500</u>	<u>\$ 4,159,500</u>	<u>\$ 3,980,107</u>	<u>\$ 833,503</u>	<u>\$ 4,813,610</u>
Liabilities and Net Assets						
Current Liabilities:						
Operating lease liability	\$ -	\$ -	\$ -	\$ 210,982	\$ -	\$ 210,982
Accounts payable	312,596	-	312,596	234,048	-	234,048
Accrued expenses	95,874	-	95,874	74,729	-	74,729
Deferred revenue	204,093	-	204,093	146,783	-	146,783
Total current liabilities	612,563	-	612,563	666,542	-	666,542
Net Assets:						
Without donor restrictions:						
Operating	1,833,924	-	1,833,924	2,130,675	-	2,130,675
Board designated	1,100,000	-	1,100,000	1,100,000	-	1,100,000
Property and equipment	99,513	-	99,513	82,890	-	82,890
Total without donor restrictions	3,033,437	-	3,033,437	3,313,565	-	3,313,565
With donor restrictions	-	513,500	513,500	-	833,503	833,503
Total net assets	3,033,437	513,500	3,546,937	3,313,565	833,503	4,147,068
Total liabilities and net assets	<u>\$ 3,646,000</u>	<u>\$ 513,500</u>	<u>\$ 4,159,500</u>	<u>\$ 3,980,107</u>	<u>\$ 833,503</u>	<u>\$ 4,813,610</u>

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, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support:						
Grants and contributions	\$ 5,447,812	\$ 499,700	\$ 5,947,512	\$ 3,645,681	\$ 518,688	\$ 4,164,369
Program and service fees	971,071	-	971,071	1,071,270	-	1,071,270
Membership	165,500	-	165,500	128,360	-	128,360
Conference	101,859	-	101,859	728,406	-	728,406
Interest and other income	20,301	-	20,301	44,043	-	44,043
Net assets released from purpose restrictions	669,703	(669,703)	-	36,135	(36,135)	-
Net assets released from time restrictions	150,000	(150,000)	-	850,000	(850,000)	-
Total operating revenue and support	<u>7,526,246</u>	<u>(320,003)</u>	<u>7,206,243</u>	<u>6,503,895</u>	<u>(367,447)</u>	<u>6,136,448</u>
Operating Expenses:						
Program	5,618,778	-	5,618,778	5,519,141	-	5,519,141
General and administrative	1,301,868	-	1,301,868	1,059,734	-	1,059,734
Fundraising	992,841	-	992,841	729,063	-	729,063
Total operating expenses	<u>7,913,487</u>	<u>-</u>	<u>7,913,487</u>	<u>7,307,938</u>	<u>-</u>	<u>7,307,938</u>
Changes in net assets from operations	(387,241)	(320,003)	(707,244)	(804,043)	(367,447)	(1,171,490)
Non-Operating Revenue:						
Unrealized/realized gain on investments	107,113	-	107,113	30,997	-	30,997
Changes in net assets	(280,128)	(320,003)	(600,131)	(773,046)	(367,447)	(1,140,493)
Net Assets:						
Beginning 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>
End of year	<u>\$ 3,033,437</u>	<u>\$ 513,500</u>	<u>\$ 3,546,937</u>	<u>\$ 3,313,565</u>	<u>\$ 833,503</u>	<u>\$ 4,147,068</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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ (600,131)	\$ (1,140,493)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	80,830	120,379
Noncash lease expense	173,672	224,762
Net realized and unrealized gain on investments	(107,113)	(30,997)
Changes in operating assets and liabilities:		
Pledges and grants receivable	(260,726)	817,232
Accounts receivable	97,711	(186,561)
Prepaid expenses and other current assets	(25,720)	(17,833)
Security deposit	7,381	-
Accounts payable	78,548	107,802
Accrued expenses	21,145	(1,088)
Deferred revenue	57,310	91,355
Change in operating lease liability	(210,982)	(267,140)
Net cash used in operating activities	<u>(688,075)</u>	<u>(282,582)</u>
Cash Flows from Investing Activities:		
Purchase of investments	(2,307,906)	(4,740,824)
Proceeds from sale of investments	2,555,942	2,629,132
Acquisition of property and equipment	(60,143)	(73,798)
Net cash provided by (used in) investing activities	<u>187,893</u>	<u>(2,185,490)</u>
Change in Cash and Cash Equivalents	(500,182)	(2,468,072)
Cash and Cash Equivalents:		
Beginning of year	<u>1,211,722</u>	<u>3,679,794</u>
End of year	<u>\$ 711,540</u>	<u>\$ 1,211,722</u>

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Statements of Functional Expenses
For the Years Ended June 30, 2024 and 2023

	2024				2023			
	Program	General and Administrative	Fundraising	Total Expenses	Program	General and Administrative	Fundraising	Total Expenses
Salaries and Related Expenses:								
Salaries	\$ 2,780,613	\$ 674,781	\$ 690,945	\$ 4,146,339	\$ 2,554,897	\$ 575,015	\$ 494,031	\$ 3,623,943
Payroll taxes and fringe benefits	516,702	126,960	138,681	782,343	472,807	100,540	77,217	650,564
Total salaries and related expenses	<u>3,297,315</u>	<u>801,741</u>	<u>829,626</u>	<u>4,928,682</u>	<u>3,027,704</u>	<u>675,555</u>	<u>571,248</u>	<u>4,274,507</u>
Other:								
Professional services	508,149	295,572	62,724	866,445	584,107	193,116	55,021	832,244
Conferences, conventions and meetings	521,890	40,075	-	561,965	925,896	41,906	168	967,970
Program consultants	388,828	-	-	388,828	140,517	-	-	140,517
Occupancy	215,694	62,127	34,653	312,474	236,935	21,241	37,062	295,238
Stipends	220,089	-	-	220,089	99,412	-	-	99,412
Travel and meals	160,959	27,554	24,215	212,728	169,235	25,649	16,579	211,463
Information technology	141,378	23,412	19,062	183,852	150,523	24,258	21,573	196,354
Depreciation	54,475	12,963	13,392	80,830	83,826	19,720	16,833	120,379
Mission support	37,634	27,600	5,117	70,351	45,673	48,665	6,413	100,751
Advertising	40,100	450	-	40,550	225	3,497	-	3,722
Office supplies, printing and other	17,754	10,374	4,052	32,180	22,630	6,127	4,166	32,923
Program supplies	14,513	-	-	14,513	32,458	-	-	32,458
Total other	<u>2,321,463</u>	<u>500,127</u>	<u>163,215</u>	<u>2,984,805</u>	<u>2,491,437</u>	<u>384,179</u>	<u>157,815</u>	<u>3,033,431</u>
Total expenses	<u>\$ 5,618,778</u>	<u>\$ 1,301,868</u>	<u>\$ 992,841</u>	<u>\$ 7,913,487</u>	<u>\$ 5,519,141</u>	<u>\$ 1,059,734</u>	<u>\$ 729,063</u>	<u>\$ 7,307,938</u>

The accompanying notes are an integral part of these statements.

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Notes to Financial Statements
June 30, 2024 and 2023

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 a nonprofit public charity under Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from Federal income taxes. Prizmah is also exempt from state income taxes. Contributions made to Prizmah are tax-deductible within the requirements of the IRC Section 170.

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 June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. Topic 326 introduced a new accounting model, the Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses and additional disclosures related to credit risk. The CECL model utilizes a lifetime expected credit loss measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. Prizmah adopted the standard effective July 1, 2023, using the modified retrospective method. Based on the composition of Prizmah's accounts receivables that fall within the scope of Topic 326 (see pg. 7), the adoption of Topic 326 did not have a material impact on Prizmah's financial statements, and primarily resulted in new and enhanced disclosures.

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.

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Notes to Financial Statements
June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-Term Investments

Short-term investments consist of money market funds and three month U.S. Treasury Bills classified as available-for-sale debt securities, are to be utilized to fund the operations of Prizmah throughout the year as of June 30, 2024 and 2023, respectively.

Accounts Receivable and Allowance for Credit Losses

Accounts receivables are presented net of Prizmah's allowance for credit losses as of June 30, 2024, and allowance for doubtful accounts as of June 30, 2023. Beginning on July 1, 2023, Prizmah accounts for credit losses under Topic 326 using an expected credit loss impairment mode for financial instruments. Prizmah's expected credit allowance methodology for accounts receivables is developed using historical experience, present economic conditions, and other relevant factors management considers relevant to estimate expected credit losses. Management performs ongoing evaluations of Prizmah's existing and potential customer's creditworthiness. Prior to the adoption of Topic 326, an allowance for potentially uncollectible accounts was recorded based upon management's analysis of specific accounts and their estimate of accounts may be uncollectible. As of June 30, 2024 and 2023, Prizmah determined no allowance for credit losses (doubtful accounts) was necessary.

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 deemed necessary at June 30, 2024 and 2023.

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 right-of-use (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.

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Notes to Financial Statements
June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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. Leases with an initial term of twelve months or less are not recognized on the statement of financial position.

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.

Board designated Prizmah's Board of Directors has designated a portion of unrestricted net assets totaling \$1,100,000 to be used for unexpected expenses or the expansion of current or future programs. These funds are considered "board designated" and may be re-allocated by the Board at their discretion.

Property and equipment reflects the net book value of Prizmah's property and equipment, right-of-use operating lease asset, and operating lease liability.

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Notes to Financial Statements
June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

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>2024</u>	<u>2023</u>
Time restricted	\$ 50,000	\$ 150,000
Purpose restricted:		
Stronger Together	383,291	167,505
Orthodox Women in Leadership	66,409	174,712
Cultures of Belonging	13,800	-
YouLead	-	150,000
Diversity, Equity, Inclusion	-	140,103
Mental Health	-	25,782
Other	-	25,401
	<u>463,500</u>	<u>683,503</u>
Total purpose restricted		
	<u>463,500</u>	<u>683,503</u>
Total net assets with donor restrictions	<u>\$ 513,500</u>	<u>\$ 833,503</u>

Revenue Recognition

Grants and Contributions

In accordance with ASU 2016-14 Not-For-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-For-Profit Entities*, 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 (see Note 8).

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.

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Notes to Financial Statements
June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Program and Service Fees

Prizmah generally measures revenue for qualifying exchange transactions based on the amount of consideration Prizmah expects to be entitled for the transfer of goods or services to a client, then recognizes this revenue when or as Prizmah satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. Prizmah evaluates its revenue contracts with customers based on the five-step model under ASC Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

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 \$108,042 as of June 30, 2022.

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. There was no accounts receivable as of June 30, 2024, 2023 and 2022.

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. There was no accounts receivable as of June 30, 2024, 2023 and 2022.

Deferred revenue consists of the following as of June 30:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Conference	\$ 135,758	\$ 54,803	\$ 31,528
Program and service fees	36,100	40,980	23,150
Membership	<u>32,235</u>	<u>51,000</u>	<u>750</u>
	<u>\$ 204,093</u>	<u>\$ 146,783</u>	<u>\$ 55,428</u>

Investment and Other Income

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 were 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 were 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.

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.

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Notes to Financial Statements
June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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, 2024 and 2023. Prizmah's information returns are subject to examination by the Federal and state jurisdictions.

Subsequent Events

Subsequent events have been evaluated through December 9, 2024, which is the date the financial statements were available to be issued. See Note 6 for an event 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.

In fiscal year 2022, Prizmah had determined that it qualified for the first quarter 2021, ERTC totaling \$187,105, and therefore, accounted 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, which was recorded as grant and contribution revenue in a prior fiscal year. During fiscal year 2024, Prizmah determined that it qualified for the second and third quarter of 2020 ERTC in the amount of \$444,757. Prizmah is accounting for this under ASC Subtopic 958-605. All amounts are deemed collectable and are included in pledges and grants receivable without donor restrictions in the accompanying statement of financial position as of June 30, 2024 and 2023. 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, 2024, and on the changes in its net assets for the year then ended.

As of June 30, 2024, all pledges and grants receivable are expected to be collected during fiscal year 2025.

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Notes to Financial Statements
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4. INVESTMENTS

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

	<u>2024</u>	<u>2023</u>
U.S. Treasury bills	\$ 1,199,952	\$ 2,129,769
Money Market	792,290	-
Cash	<u>9,524</u>	<u>12,920</u>
	<u>\$ 2,001,766</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>2024</u>	<u>2023</u>
Computer and office equipment	\$ 388,650	\$ 680,673
Office furnishings	-	36,194
Leasehold improvements	<u>-</u>	<u>21,873</u>
	388,650	738,740
Less - accumulated depreciation	<u>289,137</u>	<u>618,540</u>
	<u>\$ 99,513</u>	<u>\$ 120,200</u>

During fiscal year 2024 Prizmah disposed of property and equipment with a costs basis of \$417,893 and accumulated depreciation of \$410,233.

6. LEASE AGREEMENTS

Operating Lease

Prizmah had an operating lease for office space with an unrelated party in New York, New York which expired 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 \$102,499 and \$109,830 at June 30, 2024 and 2023, respectively, relating to their lease agreement.

	<u>2024</u>	<u>2023</u>
Lease costs:		
Operating lease costs (included in occupancy)	\$ 254,407	\$ 234,252
Variable lease costs (included in occupancy)	<u>39,656</u>	<u>48,635</u>
Total lease costs	<u>\$ 294,063</u>	<u>\$ 282,887</u>

The following summarizes cash flow information related to leases entered into for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	<u>\$ 276,630</u>
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Notes to Financial Statements
June 30, 2024 and 2023

6. LEASE AGREEMENTS (Continued)

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 Prizmah's accounting policy.

Beginning July 2024, Prizmah rents office space on a month-to-month basis with monthly rental payments of \$3,000.

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. Employer matching contributions were \$110,113 and \$87,609 for the years ended June 30, 2024 and 2023, 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 conditional advances in the statement of financial position. Conditional grants consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 1,078,000	\$ 1,733,000
New grants	3,115,000	1,948,000
Grants recognized	<u>(2,808,000)</u>	<u>(2,603,000)</u>
Ending balance	<u>\$ 1,385,000</u>	<u>\$ 1,078,000</u>

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

9. CONCENTRATIONS

At June 30, 2024 and 2023, 24% and 27%, respectively, of operating revenue and support was contributed by one donor.

At June 30, 2024 and 2023, 73% and 31% of pledges and grants receivable were from a Federal agency, respectively. One donor accounted for approximately 23% of pledges and grants receivable as of June 30, 2023.

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.

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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>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 711,540	\$ 1,211,722
Short-term investments	801,814	1,040,489
Pledges and grants receivable	864,465	603,739
Accounts receivable	<u>196,892</u>	<u>294,603</u>
Total financial assets	2,574,711	3,150,553
Less - net assets subject to purpose restrictions	<u>(463,500)</u>	<u>(683,503)</u>
Total financial assets available within one year	<u>\$ 2,111,211</u>	<u>\$ 2,467,050</u>

Prizmah's financial assets are available for use to cover its obligations as they become due. As of June 30, 2024 and 2023, Prizmah has financial assets equal to approximately three and four months of operating expenses, respectively.