



# PRIZMAH

Center for Jewish Day Schools

**FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

Contents  
June 30, 2017

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Independent Auditor's Report

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of Prizmah: Center for Jewish Day Schools, Inc. (a New York corporation, not for profit), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

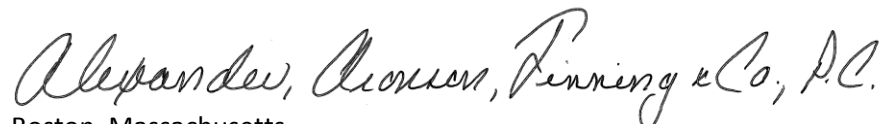
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Prizmah: Center for Jewish Day Schools, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

  
Boston, Massachusetts  
October 9, 2018

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

## Statement of Financial Position

June 30, 2017

<b>Assets</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Current Assets:			
Cash and cash equivalents	\$ 620,507	\$ 60,301	\$ 680,808
Current portion of pledges receivable	62,000	378,000	440,000
Accounts and grants receivable	390,279	-	390,279
Prepaid expenses and other current assets	50,862	-	50,862
Total current assets	1,123,648	438,301	1,561,949
Pledges Receivable, net of current portion	-	75,000	75,000
Security Deposit	109,830	-	109,830
Property and Equipment, net	178,664	-	178,664
Total assets	<u>\$ 1,412,142</u>	<u>\$ 513,301</u>	<u>\$ 1,925,443</u>
<b>Liabilities and Net Assets</b>			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 402,289	\$ -	\$ 402,289
Deferred revenue	338,606	-	338,606
Total current liabilities	740,895	-	740,895
Accrued Rent	161,801	-	161,801
Total liabilities	<u>902,696</u>	<u>-</u>	<u>902,696</u>
Net Assets:			
Unrestricted:			
Operating	330,782	-	330,782
Property and equipment	178,664	-	178,664
Total unrestricted	509,446	-	509,446
Temporarily restricted	-	513,301	513,301
Total net assets	<u>509,446</u>	<u>513,301</u>	<u>1,022,747</u>
Total liabilities and net assets	<u>\$ 1,412,142</u>	<u>\$ 513,301</u>	<u>\$ 1,925,443</u>

The accompanying notes are an integral part of these statements.

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

Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2017

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Operating Revenue and Support:</b>			
Grants and contributions	\$ 5,273,942	\$ 597,558	\$ 5,871,500
Program and service fees	1,594,574	-	1,594,574
Conference	603,235	-	603,235
Membership	69,591	-	69,591
Interest and other income	1,060	-	1,060
Net assets released from purpose restrictions	84,257	(84,257)	-
	<u>7,626,659</u>	<u>513,301</u>	<u>8,139,960</u>
<b>Operating Expenses:</b>			
Program	5,470,962	-	5,470,962
General and administrative	1,866,989	-	1,866,989
Fundraising	666,419	-	666,419
	<u>8,004,370</u>	<u>-</u>	<u>8,004,370</u>
Changes in net assets from operations	(377,711)	513,301	135,590
<b>Non-Operating Revenue:</b>			
Contribution income - acquisition	840,541	-	840,541
Changes in net assets	462,830	513,301	976,131
<b>Net Assets:</b>			
Beginning of year	46,616	-	46,616
End of year	<u>\$ 509,446</u>	<u>\$ 513,301</u>	<u>\$ 1,022,747</u>

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

Statement of Cash Flows  
For the Year Ended June 30, 2017

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<b>Cash Flows from Operating Activities:</b>	
Changes in net assets	\$ 976,131
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	29,859
Contribution income - acquisition	(840,541)
Changes in operating assets and liabilities:	
Pledges receivable	(515,000)
Accounts and grants receivable	78,985
Prepaid expenses and other current assets	(45,662)
Security deposit	4,214
Accounts payable and accrued expenses	261,966
Deferred revenue	280,806
Accrued rent	5,109
	<hr/>
Net cash provided by operating activities	235,867
	<hr/>
<b>Cash Flows from Investing Activities:</b>	
Cash received via acquisition	559,187
Acquisition of property and equipment	(167,362)
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Net cash provided by investing activities	391,825
	<hr/>
<b>Change in Cash and Cash Equivalents</b>	627,692
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<b>Cash and Cash Equivalents:</b>	
Beginning of year	53,116
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End of year	\$ 680,808
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**PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.**Statement of Functional Expenses  
For the Year Ended June 30, 2017

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
<b>Salaries and Related Expenses:</b>				
Salaries	\$ 2,213,687	\$ 281,795	\$ 300,757	\$ 2,796,239
Contracted services	11,887	618,734	-	630,621
Payroll taxes and fringe benefits	323,769	34,785	35,489	394,043
Total salaries and related expenses	<u>2,549,343</u>	<u>935,314</u>	<u>336,246</u>	<u>3,820,903</u>
<b>Other:</b>				
Conferences, conventions and meetings	1,213,266	61,969	58	1,275,293
Professional services	181,675	567,163	223,269	972,107
Program consultants	766,322	-	-	766,322
Stipends	239,497	-	-	239,497
Occupancy	129,541	47,527	17,086	194,154
Information technology	26,475	151,178	14,571	192,224
Travel and meals	159,488	30,112	2,549	192,149
Miscellaneous	50,588	29,339	7,961	87,888
Advertising	23,302	250	57,747	81,299
Printing and postage	67,242	9,067	4,078	80,387
Program supplies	40,945	-	-	40,945
Office supplies	3,357	27,760	226	31,343
Depreciation	19,921	7,310	2,628	29,859
Total other	<u>2,921,619</u>	<u>931,675</u>	<u>330,173</u>	<u>4,183,467</u>
Total expenses	<u>\$ 5,470,962</u>	<u>\$ 1,866,989</u>	<u>\$ 666,419</u>	<u>\$ 8,004,370</u>

The accompanying notes are an integral part of these statements.

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

Notes to Financial Statements  
June 30, 2017

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### 1. OPERATIONS AND NONPROFIT STATUS

#### Operations

Prizmah: Center for Jewish Day Schools, Inc. (Prizmah) is a nonprofit organization dedicated to transforming the North American Jewish day school landscape. Prizmah's approach provides day schools with tools to foster innovation, invest in strong leadership, and catalyze the financial resources and community support necessary to make a day school education the first choice for Jewish families.

Prizmah was created in 2016 to combine the efforts of five previous organizations and programs that served Jewish day schools in North America. Prizmah assumed responsibility for and was tasked to expand and strengthen the combined programs and other initiatives for the day school field previously led by those five organizations: PARDeS, PEJE, RAVSAK, the Schechter Network and the Yeshiva University School partnership.

Effective December 19, 2016, Jewish Community Day School Network, Inc. d/b/a Ravsak (a New York corporation, not for profit) (RAVSAK) merged into Prizmah, with Prizmah being the "surviving entity". On December 19, 2016, Prizmah assumed assets totaling \$327,485 and liabilities of \$156,692. The difference, \$170,793, is included in contribution income - acquisition in the accompanying statement of activities and changes in net assets for the year ended June 30, 2017, in accordance with *Accounting and Reporting for Combinations of Not-for-Profit Organizations*.

Effective February 17, 2017, Partnership for Excellence in Jewish Education, Inc. (a Massachusetts corporation, not for profit) (PEJE) was dissolved, with Prizmah being the "successor" entity. On February 17, 2017, Prizmah assumed assets totaling \$848,311 and liabilities of \$191,623. The difference, \$656,688, is included in contribution income - acquisition in the accompanying statement of activities and changes in net assets for the year ended June 30, 2017, in accordance with *Accounting and Reporting for Combinations of Not-for-Profit Organizations*.

Effective December 19, 2016, Schechter Day School Network, Inc. d/b/a Schechter (a New York corporation, not for profit) (Schechter) merged into Prizmah, with Prizmah being the "surviving entity". On December 19, 2016, Prizmah assumed assets totaling \$13,060, which is included in contribution income - acquisition in the accompanying statement of activities and changes in net assets for the year ended June 30, 2017, in accordance with *Accounting and Reporting for Combinations of Not-for-Profit Organizations*.

Effective in fiscal year 2017, Prizmah also assumed running the programs of the Yeshiva University School Partnership (YUSP), based at Yeshiva University (a New York not for profit education corporation) (YU) and PARDeS: Day Schools of Reform Judaism program from Union for Reform Judaism (an Ohio not for profit corporation) (URJ).

#### 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.



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

Notes to Financial Statements  
June 30, 2017

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**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 statement 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 and Grants Receivable and Allowance for Doubtful Accounts**

Accounts and grants 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 and grants 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, 2017.

**Pledges Receivable and Reserve for Uncollectible Pledges**

Pledges are recorded at their net present value when unconditionally committed. The reserve for uncollectible pledges is based on past collection experience together with a review of the current status of the existing pledges. Account balances are charged off against the reserve when it is probable the pledge will not be recovered. There was no reserve for uncollectible pledges at June 30, 2017.

**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 (see Note 4) 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

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

Notes to Financial Statements  
June 30, 2017

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Deferred Revenue

Deferred revenue includes grant funds received in advance of being earned as they are contingent upon Prizmah attaining certain program goals or performing certain services (see Note 7). Deferred revenue also includes program and service fees received in advance of programs occurring or services being performed.

#### Net Assets

**Unrestricted Net Assets** are those net resources that bear no external restrictions and are generally available for use by Prizmah. Prizmah has grouped its unrestricted net assets into the following categories:

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

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

**Temporarily restricted net assets** are those amounts received with donor restrictions which have not yet been expended for their designated purpose. Temporarily restricted net assets consist of the following as of June 30, 2017:

Time restricted	\$ 300,000
Purpose restricted	<u>213,301</u>
Total	<u>\$ 513,301</u>

#### Revenue Recognition

Prizmah records revenue from unrestricted grants and contributions when received or unconditionally committed. Prizmah reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities and changes in net assets as net assets released from restrictions.

Program and service fees are recognized as the programs occur or services are performed. Conference income is recorded in the year the conference occurs. All other revenue is recognized when earned.

#### 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.

#### Advertising Expenses

Advertising costs are expensed as incurred.

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

**Statement 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 support and operating expenses in the accompanying statement of activities and changes in net assets. Non-operating revenue includes contribution income - acquisition.

**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.

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, 2017. Prizmah's information returns are subject to examination by the Federal and state jurisdictions.

**Subsequent Events**

Subsequent events have been evaluated through October 9, 2018, 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  
June 30, 2017

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**3. PLEDGES RECEIVABLE**

Pledges receivable represent unconditional promises to give in the form of pledges from various donors. At June 30, 2017, pledges receivable consist of the following:

Amounts due in:	
Less than one year	\$ 440,000
One to five years	<u>75,000</u>
	<u>\$ 515,000</u>

Pledges receivable have not been discounted as the discount would be immaterial to the accompanying financial statements as a whole.

**4. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30, 2017:

Computer and office equipment	\$ 155,903
Office furnishings	30,747
Leasehold improvements	<u>21,873</u>
	208,523
Less - accumulated depreciation	<u>29,859</u>
	<u>\$ 178,664</u>

**5. LEASE AGREEMENTS**

In December 2016, RAVSAK assigned its operating lease for office space to Prizmah 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 terms of the lease. Prizmah has recognized \$117,126 of rent expense under this agreement for the year ended June 30, 2017, which is included in occupancy in the accompanying statement of functional expenses. Prizmah has accrued rent payable of \$161,801 under this agreement as of June 30, 2017, which is reflected as accrued rent in the accompanying statement of financial position.

Future minimum cash lease payments are as follows over the next five years ending June 30:

2018	\$ 228,515
2019	\$ 242,380
2020	\$ 253,156
2021	\$ 260,750
2022	\$ 268,573
Thereafter	\$ 489,628

**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. Pension expense was \$54,611 for the year ended June 30, 2017, and is included in payroll taxes and fringe benefits in the accompanying statement of functional expenses.

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

Notes to Financial Statements  
June 30, 2017

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### **7. CONDITIONAL GRANTS**

Prizmah has been awarded a number of conditional grants from different 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. The conditional grants received total \$4,115,262 as of June 30, 2017. Since the remaining balances of these grants totaling \$2,271,883 as of June 30, 2017, are conditional, they are not reflected in the accompanying financial statements.

### **8. CONCENTRATIONS**

During fiscal year 2017, Prizmah received grants from a foundation that is represented by a Board member of Prizmah which accounted for approximately 36% of Prizmah's operating revenue and support and 68% of accounts and grants receivable. Prizmah also received grants from another foundation which accounted for approximately 15% of Prizmah's operating revenue and support.

Approximately 73% of gross pledges receivable at June 30, 2017, was due from three donors.

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.