



PRIZMAH

Center for Jewish Day Schools

FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

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June 30, 2020 and 2019

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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 statements of financial position as of June 30, 2020 and 2019, 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.

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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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, 2020 and 2019, 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.

AAFCPAs, Inc.

Boston, Massachusetts
December 9, 2020

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Statements of Financial Position
June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Current Assets:						
Cash and cash equivalents	\$ 2,754,572	\$ 2,668,666	\$ 5,423,238	\$ 684,195	\$ 29,500	\$ 713,695
Pledges and grants receivable	53,411	-	53,411	377,830	150,000	527,830
Accounts receivable	114,030	-	114,030	102,765	-	102,765
Prepaid expenses and other current assets	38,714	-	38,714	37,752	-	37,752
Total current assets	<u>2,960,727</u>	<u>2,668,666</u>	<u>5,629,393</u>	<u>1,202,542</u>	<u>179,500</u>	<u>1,382,042</u>
Security Deposit	109,830	-	109,830	109,830	-	109,830
Property and Equipment, net	<u>148,360</u>	<u>-</u>	<u>148,360</u>	<u>174,582</u>	<u>-</u>	<u>174,582</u>
Total assets	<u>\$ 3,218,917</u>	<u>\$ 2,668,666</u>	<u>\$ 5,887,583</u>	<u>\$ 1,486,954</u>	<u>\$ 179,500</u>	<u>\$ 1,666,454</u>
Liabilities and Net Assets						
Current Liabilities:						
Accounts payable and accrued expenses	\$ 1,152,678	\$ -	\$ 1,152,678	\$ 324,680	\$ -	\$ 324,680
Current portion of accrued rent	26,498	-	26,498	18,904	-	18,904
Deferred revenue	46,009	-	46,009	22,366	-	22,366
Total current liabilities	<u>1,225,185</u>	<u>-</u>	<u>1,225,185</u>	<u>365,950</u>	<u>-</u>	<u>365,950</u>
Long-Term Liabilities:						
Note payable	632,925	-	632,925	-	-	-
Accrued rent, net of current portion	<u>114,009</u>	<u>-</u>	<u>114,009</u>	<u>140,506</u>	<u>-</u>	<u>140,506</u>
Total liabilities	<u>1,972,119</u>	<u>-</u>	<u>1,972,119</u>	<u>506,456</u>	<u>-</u>	<u>506,456</u>
Net Assets:						
Without donor restrictions:						
Operating	1,098,438	-	1,098,438	805,916	-	805,916
Property and equipment	<u>148,360</u>	<u>-</u>	<u>148,360</u>	<u>174,582</u>	<u>-</u>	<u>174,582</u>
Total without donor restrictions	<u>1,246,798</u>	<u>-</u>	<u>1,246,798</u>	<u>980,498</u>	<u>-</u>	<u>980,498</u>
With donor restrictions	-	2,668,666	2,668,666	-	179,500	179,500
Total net assets	<u>1,246,798</u>	<u>2,668,666</u>	<u>3,915,464</u>	<u>980,498</u>	<u>179,500</u>	<u>1,159,998</u>
Total liabilities and net assets	<u>\$ 3,218,917</u>	<u>\$ 2,668,666</u>	<u>\$ 5,887,583</u>	<u>\$ 1,486,954</u>	<u>\$ 179,500</u>	<u>\$ 1,666,454</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, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support:						
Grants and contributions	\$ 5,487,904	\$ 2,668,666	\$ 8,156,570	\$ 6,478,067	\$ 150,000	\$ 6,628,067
Program and service fees	617,999	-	617,999	948,935	-	948,935
Membership	132,831	-	132,831	145,808	-	145,808
Conference	43,185	-	43,185	592,710	-	592,710
Interest and other income	5,627	-	5,627	1,183	-	1,183
Net assets released from time restrictions	150,000	(150,000)	-	165,000	(165,000)	-
Net assets released from purpose restrictions	29,500	(29,500)	-	166,301	(166,301)	-
Total operating revenue and support	<u>6,467,046</u>	<u>2,489,166</u>	<u>8,956,212</u>	<u>8,498,004</u>	<u>(181,301)</u>	<u>8,316,703</u>
Operating Expenses:						
Program	3,923,166	-	3,923,166	5,037,896	-	5,037,896
General and administrative	1,660,592	-	1,660,592	1,892,544	-	1,892,544
Fundraising	616,988	-	616,988	895,637	-	895,637
Total operating expenses	<u>6,200,746</u>	<u>-</u>	<u>6,200,746</u>	<u>7,826,077</u>	<u>-</u>	<u>7,826,077</u>
Changes in net assets	266,300	2,489,166	2,755,466	671,927	(181,301)	490,626
Net Assets:						
Beginning of year	<u>980,498</u>	<u>179,500</u>	<u>1,159,998</u>	<u>308,571</u>	<u>360,801</u>	<u>669,372</u>
End of year	<u>\$ 1,246,798</u>	<u>\$ 2,668,666</u>	<u>\$ 3,915,464</u>	<u>\$ 980,498</u>	<u>\$ 179,500</u>	<u>\$ 1,159,998</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 2,755,466	\$ 490,626
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	86,311	89,564
Bad debt	18,904	-
Changes in operating assets and liabilities:		
Pledges and grants receivable	474,419	173,950
Accounts receivable	(30,169)	136,109
Prepaid expenses and other current assets	(962)	(18,635)
Accounts payable and accrued expenses	827,998	39,399
Deferred revenue	23,643	(184,039)
Accrued rent	(18,903)	(8,129)
	<u>4,136,707</u>	<u>718,845</u>
Net cash provided by operating activities		
	<u>4,136,707</u>	<u>718,845</u>
Cash Flows from Investing Activities:		
Acquisition of property and equipment	<u>(60,089)</u>	<u>(75,490)</u>
Cash Flows from Financing Activities:		
Proceeds from note payable	632,925	-
Proceeds from short-term debt	-	250,000
Repayment on short-term debt	-	(250,000)
	<u>632,925</u>	<u>-</u>
Net cash provided by financing activities		
	<u>632,925</u>	<u>-</u>
Change in Cash and Cash Equivalents	4,709,543	643,355
Cash and Cash Equivalents:		
Beginning of year	<u>713,695</u>	<u>70,340</u>
End of year	<u><u>\$ 5,423,238</u></u>	<u><u>\$ 713,695</u></u>

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Statements of Functional Expenses
For the Years Ended June 30, 2020 and 2019

	2020			2019				
	Program	General and Administrative	Fundraising	Total Expenses	Program	General and Administrative	Fundraising	Total Expenses
Salaries and Related Expenses:								
Salaries	\$ 1,838,116	\$ 902,612	\$ 358,388	\$ 3,099,116	\$ 2,126,588	\$ 1,082,186	\$ 486,979	\$ 3,695,753
Payroll taxes and fringe benefits	305,836	203,873	56,152	565,861	341,470	213,620	58,758	613,848
Total salaries and related expenses	<u>2,143,952</u>	<u>1,106,485</u>	<u>414,540</u>	<u>3,664,977</u>	<u>2,468,058</u>	<u>1,295,806</u>	<u>545,737</u>	<u>4,309,601</u>
Other:								
Stipends	1,043,814	-	10,000	1,053,814	193,462	-	-	193,462
Professional services	52,677	292,024	120,860	465,561	195,990	267,191	114,261	577,442
Occupancy	159,518	114,143	18,806	292,467	133,158	126,829	18,869	278,856
Program consultants	224,245	-	-	224,245	464,035	-	-	464,035
Conferences, conventions and meetings	80,195	60,075	33	140,303	1,045,401	59,341	122,941	1,227,683
Travel and meals	63,332	14,744	5,394	83,470	107,875	28,088	31,355	167,318
Depreciation	51,087	25,044	10,180	86,311	51,659	26,101	11,804	89,564
Miscellaneous	29,025	34,148	7,697	70,870	83,947	37,064	10,504	131,515
Information technology	27,844	-	22,121	49,965	43,239	-	4,540	47,779
Office supplies	18,463	12,449	1,841	32,753	18,802	17,318	3,164	39,284
Bad debt	18,904	-	-	18,904	-	-	-	-
Printing and postage	3,864	1,175	1,052	6,091	78,442	8,708	24,015	111,165
Program supplies	5,847	-	-	5,847	142,187	-	-	142,187
Advertising	399	305	4,464	5,168	11,641	26,098	8,447	46,186
Total other	<u>1,779,214</u>	<u>554,107</u>	<u>202,448</u>	<u>2,535,769</u>	<u>2,569,838</u>	<u>596,738</u>	<u>349,900</u>	<u>3,516,476</u>
Total expenses	<u>\$ 3,923,166</u>	<u>\$ 1,660,592</u>	<u>\$ 616,988</u>	<u>\$ 6,200,746</u>	<u>\$ 5,037,896</u>	<u>\$ 1,892,544</u>	<u>\$ 895,637</u>	<u>\$ 7,826,077</u>

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Notes to Financial Statements
June 30, 2020 and 2019

1. OPERATIONS AND NONPROFIT STATUS

Operations

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

During 2020, the COVID pandemic required Prizmah to re-prioritize and shift the focus of work to supporting schools through this crisis. One key area of work was providing grant funds to schools to assist with the increased financial assistance needed by families. Grant revenue was provided to Prizmah from the Jewish Community Response and Impact Fund (JCRIF) in order to provide funding to schools.

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 Pronouncements

During fiscal year 2020, Prizmah adopted ASC Topic 606, *Revenue from Contracts with Customers*, with respect to its revenue recognition policies. The core principal of the new accounting guidance is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of this standard did not have a significant impact on Prizmah's financial statements as Prizmah's primary source of revenue is grants and contributions, which is not subject to this accounting standard.

Also in fiscal year 2020, Prizmah adopted FASB's Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. Prizmah adopted ASU 2018-08 using a modified prospective method effective July 1, 2019. Under the modified prospective method, this ASU only applies to agreements not completed or entered into (revenue or expense that has not yet been recognized) as of July 1, 2019. As a result, 2019 financial statements are not restated and there was no cumulative-effect adjustment to opening net assets as of July 1, 2019.

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Notes to Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts, if any, is based on management's best estimate of the amount of probable credit losses in accounts receivable, specific identification of probable losses, and an estimate of additional losses based on historical write-off experience. There was no allowance at June 30, 2020 and 2019.

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, 2020 and 2019.

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

Deferred Revenue

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

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Notes to Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

	<u>2020</u>	<u>2019</u>
Time restricted	\$ 450,750	\$ 150,000
Purpose restricted:		
Jewish Community Response and Impact Fund	2,085,000	-
YOULead Program	57,423	-
Day School Engagement and Enrollment Program	31,150	-
Deepening Talent	24,343	-
Support for Small Schools	20,000	-
Community-based model - Metro Detroit	-	29,500
Total purpose restricted	<u>2,217,916</u>	<u>29,500</u>
Total net assets with donor restrictions	<u>\$ 2,668,666</u>	<u>\$ 179,500</u>

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.

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Notes to Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

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

Program and service fees

Program and service fees revenue consists of coaching, accreditation, professional development, leadership search, strategic planning and governance training for schools and school professionals as well as other fees which are recognized as services are provided over the contract period which typically ranges from six months to one year. Payment is due 50% upfront and the other 50% by the end of the contract period. These amounts are recorded as revenue in accordance with Topic 606. Program receivables totaled \$114,030 and \$102,765 as of June 30, 2020 and 2019, 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.

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 costs, 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 fees, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020 and 2019. Prizmah's information returns are subject to examination by the Federal and state jurisdictions.

Subsequent Events

Subsequent events have been evaluated through December 9, 2020, 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, 2020 and 2019

3. PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable represent unconditional promises to give from various donors. Pledges and grants receivable are expected to be collected within one year.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Computer and office equipment	\$ 362,530	\$ 302,441
Office furnishings	36,194	36,194
Leasehold improvements	<u>21,873</u>	<u>21,873</u>
	420,597	360,508
Less - accumulated depreciation	<u>272,237</u>	<u>185,926</u>
	<u>\$ 148,360</u>	<u>\$ 174,582</u>

5. LEASE AGREEMENTS

Prizmah has an operating lease for office space which expires in March 2024. In accordance with the ASC Topic, *Leases*, Prizmah is recording rent expense for the operating lease on a straight-line basis over the term of the lease. Prizmah has recognized \$234,252 of rent expense under this agreement for the years ended June 30, 2020 and 2019, which is included in occupancy in the accompanying statements of functional expenses. Prizmah has accrued rent of \$140,507 and \$159,410 under this agreement as of June 30, 2020 and 2019, respectively, which is reflected as accrued rent in the accompanying statements of financial position. Prizmah has a security deposit totaling \$109,830 at June 30, 2020 and 2019, relating to this lease agreement.

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

2021	\$ 260,750
2022	268,573
2023	276,630
2024	<u>212,998</u>
Total	<u>\$ 1,018,951</u>

6. EMPLOYMENT BENEFIT PLAN

Prizmah participates in a 401(k) Retirement Plan (the Plan). Under the Plan, Prizmah matches 100% of an employee's elective deferral to the Plan up to 4% of eligible employee wages. Employees are fully vested in the match once received. Pension expense was \$87,282 and \$88,473 for the years ended June 30, 2020 and 2019, respectively, and is included in payroll taxes and fringe benefits in the accompanying statements of functional expenses.

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Notes to Financial Statements
June 30, 2020 and 2019

7. CONDITIONAL GRANTS

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

	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 1,094,424	\$ 1,041,002
New grants	8,152,000	2,323,488
Grants recognized	(2,861,179)	(1,505,853)
Expired grants	<u>(58,245)</u>	<u>(764,213)</u>
Ending balance	<u>\$ 6,327,000</u>	<u>\$ 1,094,424</u>

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

8. CONCENTRATIONS

During fiscal years 2020 and 2019, Prizmah received grants from foundations that are represented by a Board member of Prizmah and accounted for approximately 27% and 41%, respectively, of Prizmah's operating revenue.

At June 30, 2020 and 2019, 11% and 14%, respectively, of operating revenue and support was contributed by one other donor.

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

9. NOTE PAYABLE

Prizmah applied for and was awarded a forgivable loan of \$632,925 from the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) through a bank. The funds will be 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 may 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 two-year period with interest at 1%. Any repayment will be deferred for a period of ten months from the end of the covered period, when the note, plus interest, will be due in equal monthly payments through the maturity date as defined by the bank. There are no covenants with which to comply and the note is not secured by any collateral as of June 30, 2020.

There was no accrued interest on the note payable as of June 30, 2020, as it would be immaterial to the overall financial statements.

As of December 9, 2020, Prizmah has not submitted the application for forgiveness. Prizmah anticipates the note payable will be forgiven in full and therefore, the balance has been classified as long-term in the accompanying statement of financial position as of June 30, 2020.

PRIZMAH: CENTER FOR JEWISH DAY SCHOOLS, INC.

Notes to Financial Statements
June 30, 2020 and 2019

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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 5,423,238	\$ 713,695
Pledges and grants receivable	53,411	527,830
Accounts receivable	<u>114,030</u>	<u>102,765</u>
Total financial assets	5,590,679	1,344,290
Less - net assets subject to purpose restrictions	<u>(2,217,916)</u>	<u>(29,500)</u>
Total financial assets available within one year	<u>\$ 3,372,763</u>	<u>\$ 1,314,790</u>

Prizmah's financial assets are available for use to cover its obligations as they become due. As of June 30, 2020 and 2019, Prizmah has financial assets equal to approximately six and a half and two months, respectively, of operating expenses.

11. CONTINGENCY

During fiscal year 2020, COVID-19 was recognized as a global pandemic. Federal, state and local governments in the U.S have imposed restrictions on travel and business operations. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration and the impact it will have on the Prizmah's operations and financial position. As a result, the adverse impact COVID-19 will have on the Prizmah's businesses, operating results, cash flows and financial condition is uncertain. It is management's opinion that the adverse impact would not be material.

12. RECLASSIFICATION

Amounts in the 2019 financial statements have been reclassified to conform with the 2020 presentation.