

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC.



**Financial Statements
(Together with Independent Auditors' Report)**

Years Ended June 30, 2023 and 2022

JEWISH BOARD OF FAMILY AND CHILDREN’S SERVICES, INC.

**FINANCIAL STATEMENTS
(Together with Independent Auditors’ Report)**

YEARS ENDED JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees of the
Jewish Board of Family and Children's Services, Inc.
New York, NY

Opinion

We have audited the financial statements of the Jewish Board of Family and Children's Services, Inc. ("The Jewish Board"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows 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 The Jewish Board as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Jewish Board 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, that raise substantial doubt about The Jewish Board's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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.

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Jewish Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Jewish Board's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2022, The Jewish Board removed itself as a sole member of Alpha Workshops and Alpha Workshops became an independent 501(c)(3) effective June 29, 2022. Our opinion of not modified with respect to this matter.

Mayer Roffman McCann CPAs

New York, NY
November 30, 2023

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022

ASSETS	2023	2022
Cash and cash equivalents (Notes 2B and 18A)	\$ 4,869,323	\$ 4,639,038
Accounts receivable, net (Notes 2C and 4)	57,251,473	59,087,213
Contributions receivable, net (Notes 2C, 2D and 5)	1,824,680	1,652,118
Investments (Notes 2E, 6 and 7)	89,982,792	97,546,012
Prepaid expenses and other assets (Notes 2G, 13B and 21)	6,007,379	6,075,529
Operating lease right-of-use assets (Note 16)	40,989,674	36,498,610
Property and equipment, net (Notes 2F and 8)	<u>62,121,126</u>	<u>60,777,303</u>
TOTAL ASSETS	<u>\$ 263,046,447</u>	<u>\$ 266,275,823</u>
LIABILITIES		
Accounts payable and accrued expenses (Notes 2B, 2G and 21)	\$ 8,219,196	\$ 4,580,939
Accrued salaries and related benefits	4,848,170	8,578,030
Accrued vacation	5,512,349	5,574,589
Accrued post-retirement benefits (Note 12)	6,388,185	7,248,167
Other pension liabilities (Note 13B)	2,775,628	2,792,896
Deferred revenues (Note 17B)	7,136,724	6,175,468
Due to government agencies (Note 17B)	19,000,098	17,729,523
Bank lines of credit (Note 10)	18,000,000	24,000,000
Loan payable (Note 11)	-	10,000,000
Other long-term debt (Note 9)	26,784,870	28,582,994
Lease liability (Note 16)	<u>41,245,510</u>	<u>36,750,687</u>
TOTAL LIABILITIES	<u>139,910,730</u>	<u>152,013,293</u>
COMMITMENTS AND CONTINGENCIES (Note 17)		
NET ASSETS (Note 2A)		
Without donor restrictions:		
Investment in property and equipment, net	35,336,256	32,194,309
Available for operations	<u>66,524,511</u>	<u>65,828,965</u>
Total without donor restrictions	<u>101,860,767</u>	<u>98,023,274</u>
With donor restrictions:		
Perpetual in nature	6,565,209	6,565,209
Time and purpose restricted	<u>14,709,741</u>	<u>9,674,047</u>
Total with donor restrictions (Note 15)	<u>21,274,950</u>	<u>16,239,256</u>
TOTAL NET ASSETS	<u>123,135,717</u>	<u>114,262,530</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 263,046,447</u>	<u>\$ 266,275,823</u>

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	For the Year Ended June 30, 2023			For the Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total 2023	Without Donor Restrictions	With Donor Restrictions	Total 2022
OPERATING REVENUE AND SUPPORT (Note 2K):						
Program service fees (Notes 2H and 20)	\$ 115,973,122	\$ -	\$ 115,973,122	\$ 118,997,658	\$ -	\$ 118,997,658
Government grants (Note 2H)	92,204,125	-	92,204,125	92,227,873	-	92,227,873
Contributions (Note 2D)	3,130,538	1,562,000	4,692,538	5,403,114	17,300	5,420,414
Special events (net of direct costs of \$176,458 and \$265,165) and virtual events	1,601,811	-	1,601,811	1,173,092	-	1,173,092
United Jewish Appeal-Federation of Jewish Philanthropies of New York, Inc.	6,197,120	250,000	6,447,120	6,379,401	-	6,379,401
Donated services (Notes 2I and 19)	652,535	-	652,535	672,680	-	672,680
Rentals and other income	1,134,286	-	1,134,286	1,204,463	-	1,204,463
Investment income used for operations (Notes 6 and 15)	4,240,008	759,984	4,999,992	5,846,910	(1,029,913)	4,816,997
Extinguishment of debt (Note 11)	10,000,000	-	10,000,000	229,935	-	229,935
Net assets released from restrictions (Notes 2A and 15)	765,751	(765,751)	-	1,189,435	(1,189,435)	-
TOTAL OPERATING REVENUE AND SUPPORT	235,899,296	1,806,233	237,705,529	233,324,561	(2,202,048)	231,122,513
OPERATING EXPENSES						
Program Services:						
Residential	50,178,270	-	50,178,270	45,807,607	-	45,807,607
Community services	53,331,199	-	53,331,199	53,713,536	-	53,713,536
Youth and family services	44,770,480	-	44,770,480	52,706,358	-	52,706,358
Jewish services	38,084,476	-	38,084,476	35,580,427	-	35,580,427
Other	4,059,684	-	4,059,684	4,173,666	-	4,173,666
Vocational	-	-	-	1,409,428	-	1,409,428
Total Program Services	190,424,109	-	190,424,109	193,391,022	-	193,391,022
Supporting Services:						
Management and general	37,569,640	-	37,569,640	33,788,984	-	33,788,984
Alpha Workshops	-	-	-	3,069,710	-	3,069,710
Fundraising	3,054,609	-	3,054,609	2,322,904	-	2,322,904
Total Supporting Services	40,624,249	-	40,624,249	39,181,598	-	39,181,598
TOTAL OPERATING EXPENSES	231,048,358	-	231,048,358	232,572,620	-	232,572,620
CHANGE IN NET ASSETS FROM OPERATIONS	4,850,938	1,806,233	6,657,171	751,941	(2,202,048)	(1,450,107)
NON-OPERATING ACTIVITIES (Note 2K):						
Investment activity (Note 6)	2,742,206	3,989,445	6,731,651	(13,518,575)	-	(13,518,575)
Less: Amount used for operations (Note 6)	(4,240,008)	(759,984)	(4,999,992)	(4,282,786)	(534,211)	(4,816,997)
Investment activity over/(under) amounts used for operations	(1,497,802)	3,229,461	1,731,659	(17,801,361)	(534,211)	(18,335,572)
TOTAL NON-OPERATING ACTIVITIES	(1,497,802)	3,229,461	1,731,659	(17,801,361)	(534,211)	(18,335,572)
CHANGE IN NET ASSETS BEFORE POST-RETIREMENT RELATED CHANGES AND OTHER	3,353,136	5,035,694	8,388,830	(17,049,420)	(2,736,259)	(19,785,679)
Change in reporting entity (Note 1)	-	-	-	2,138,325	-	2,138,325
Post-retirement related changes other than net periodic pension costs (Note 12)	484,357	-	484,357	2,029,042	-	2,029,042
CHANGE IN NET ASSETS	3,837,493	5,035,694	8,873,187	(12,882,053)	(2,736,259)	(15,618,312)
Net assets - beginning of year before change in reporting entity	98,023,274	16,239,256	114,262,530	110,905,327	18,975,515	129,880,842
NET ASSETS - END OF YEAR	\$ 101,860,767	\$ 21,274,950	\$ 123,135,717	\$ 98,023,274	\$ 16,239,256	\$ 114,262,530

The accompanying notes are an integral part of these financial statements.

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for June 30, 2022)

	Program Services					Supporting Services				Total 2023	Total 2022
	Residential	Community Services	Youth and Family Services	Jewish Services	Other	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries	\$ 18,975,062	\$ 33,451,433	\$ 25,745,358	\$ 20,497,617	\$ 2,222,277	\$ 100,891,747	\$ 16,770,136	\$ 1,706,924	\$ 18,477,060	\$ 119,368,807	\$ 116,283,846
Payroll taxes and benefits (Notes 12, 13 and 14)	6,950,698	9,377,509	8,699,735	6,409,568	889,859	32,327,369	5,078,323	417,110	5,495,433	37,822,802	41,511,285
Total Personnel Costs	25,925,760	42,828,942	34,445,093	26,907,185	3,112,136	133,219,116	21,848,459	2,124,034	23,972,493	157,191,609	157,795,131
Consulting and professional fees	725,216	886,392	1,218,757	2,092,681	26,273	4,949,319	5,786,091	95,064	5,881,155	10,830,474	9,852,166
Recruiting	16,200	53,855	2,827	4,929	13,950	91,761	464,142	403,245	867,387	959,148	824,581
Other contract services	690,020	641,885	1,762,031	213,832	72,559	3,380,327	2,180,953	13,558	2,194,511	5,574,838	4,306,654
Supplies	526,141	115,943	338,960	925,028	637	1,906,709	69,853	34,225	104,078	2,010,787	2,340,852
Telephone	378,198	486,605	529,172	315,575	32,559	1,742,109	681,780	8,111	689,891	2,432,000	2,133,852
Postage and shipping	8,135	9,694	1,223	2,015	31	21,098	23,362	3,036	26,398	47,496	51,288
Occupancy (Note 16)	4,942,369	4,284,589	2,697,306	1,321,476	227,147	13,472,887	1,121,307	-	1,121,307	14,594,194	18,285,960
Equipment rental and other costs (Note 16)	48,299	88,273	54,262	52,419	406	243,659	32,348	-	32,348	276,007	389,091
Vehicle rental (Note 16)	114,982	16,495	155,770	270,399	-	557,646	7,881	-	7,881	565,527	558,127
Outside print and artwork	130	1,244	296	1,672	-	3,342	4,195	7,770	11,965	15,307	12,840
Staff travel and other	32,193	15,218	123,111	27,883	101	198,506	50,414	5,602	56,016	254,522	223,373
Conferences and conventions	53,798	13,437	42,721	10,760	128,230	248,946	227,762	253,610	481,372	730,318	266,592
Specific assistance	12,815,143	270,631	686,842	2,600,923	104	16,373,643	12,689	19,606	32,295	16,405,938	15,586,894
Membership dues	25,421	2,589	59,812	14,722	-	102,544	40,319	598	40,917	143,461	145,369
Repairs and maintenance	1,126,132	257,964	288,887	283,329	158,584	2,114,896	69,065	-	69,065	2,183,961	2,174,783
Interest	240,307	100,675	163,126	338,764	-	842,872	1,665,106	-	1,665,106	2,507,978	1,690,375
Medicaid facility tax assessment	-	-	-	712,326	-	712,326	-	-	-	712,326	673,481
General insurance	1,326,183	1,469,400	1,458,102	1,261,694	118,356	5,633,735	577,263	32,767	610,030	6,243,765	6,297,552
Depreciation and amortization (Note 8)	1,108,968	786,110	661,363	524,096	14,400	3,094,937	1,517,374	41	1,517,415	4,612,352	4,564,293
Bad debt (Note 2C)	-	932,472	25,623	-	-	958,095	-	-	-	958,095	878,751
Miscellaneous	74,675	68,786	55,196	202,768	154,211	555,636	1,189,277	53,342	1,242,619	1,798,255	3,520,615
TOTAL EXPENSES	<u>\$ 50,178,270</u>	<u>\$ 53,331,199</u>	<u>\$ 44,770,480</u>	<u>\$ 38,084,476</u>	<u>\$ 4,059,684</u>	<u>\$ 190,424,109</u>	<u>\$ 37,569,640</u>	<u>\$ 3,054,609</u>	<u>\$ 40,624,249</u>	<u>\$ 231,048,358</u>	<u>\$ 232,572,620</u>

The accompanying notes are an integral part of these financial statements.

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services						Supporting Services					
	Residential	Community Services	Youth and Family Services	Jewish Services	Other	Vocational	Total Program Services	Management and General	Alpha Workshops	Fundraising	Total Supporting Services	Total 2022
Salaries	\$ 16,297,176	\$ 31,844,044	\$ 29,967,841	\$ 18,864,054	\$ 2,363,266	\$ 838,890	\$ 100,175,271	\$ 14,391,642	\$ 116,692	\$ 1,600,241	\$ 16,108,575	\$ 116,283,846
Payroll taxes and benefits (Notes 12, 13 and 14)	6,262,704	10,611,772	10,194,945	6,204,042	1,341,795	136,240	34,751,498	6,355,455	8,871	395,461	6,759,787	41,511,285
Total Personnel Costs	22,559,880	42,455,816	40,162,786	25,068,096	3,705,061	975,130	134,926,769	20,747,097	125,563	1,995,702	22,868,362	157,795,131
Consulting and professional fees	597,079	1,003,010	1,794,856	1,712,990	28,409	1,740	5,138,084	4,643,407	-	70,675	4,714,082	9,852,166
Recruiting	96,420	58,106	997	21,588	-	-	177,111	644,470	-	3,000	647,470	824,581
Other contract services	480,285	599,760	1,374,302	237,062	12,870	8,193	2,712,472	1,580,071	2,024	12,087	1,594,182	4,306,654
Supplies	546,503	210,279	383,562	931,998	44	125,480	2,197,866	111,465	10	31,511	142,986	2,340,852
Telephone	371,030	500,443	701,514	295,633	33,498	915	1,903,033	220,515	2,677	7,627	230,819	2,133,852
Postage and shipping	9,205	8,076	1,979	2,853	4	1,497	23,614	22,987	-	4,687	27,674	51,288
Occupancy (Note 16)	4,903,740	5,103,952	3,224,741	1,588,487	170,681	286,116	15,277,717	2,323,691	588,568	95,984	3,008,243	18,285,960
Equipment rental and other costs (Note 16)	44,223	107,443	136,572	43,813	313	-	332,364	55,462	-	1,265	56,727	389,091
Vehicle rental (Note 16)	105,193	11,997	194,824	239,311	7	36	551,368	6,759	-	-	6,759	558,127
Outside print and artwork	1,309	1,065	968	834	-	-	4,176	2,296	-	6,368	8,664	12,840
Staff travel and other	33,404	11,423	118,890	17,713	336	2,269	184,035	36,581	-	2,757	39,338	223,373
Conferences and conventions	42,907	5,385	60,617	13,442	83,711	79	206,141	40,619	-	19,832	60,451	266,592
Specific assistance (Note 16)	12,248,733	211,704	711,649	2,402,895	1,182	-	15,576,163	7,796	-	2,935	10,731	15,586,894
Membership dues	28,765	159	66,611	-	-	-	95,535	49,034	-	800	49,834	145,369
Repairs and maintenance	1,072,245	249,543	477,669	333,759	1,664	192	2,135,072	39,596	-	115	39,711	2,174,783
Interest	340,778	-	184,264	124,632	-	-	649,674	1,040,701	-	-	1,040,701	1,690,375
Medicaid facility tax assessment	-	-	-	673,481	-	-	673,481	-	-	-	-	673,481
General insurance	1,170,987	1,439,818	1,929,075	1,184,213	121,149	-	5,845,242	421,460	2,666	28,184	452,310	6,297,552
Depreciation and amortization (Note 8)	997,452	826,404	1,106,165	655,933	14,503	-	3,600,457	961,533	249	2,054	963,836	4,564,293
Bad debt (Note 2C)	-	845,426	33,325	-	-	-	878,751	-	-	-	-	878,751
Miscellaneous	157,469	63,727	40,992	31,694	234	7,781	301,897	833,444	2,347,953	37,321	3,218,718	3,520,615
TOTAL EXPENSES	\$ 45,807,607	\$ 53,713,536	\$ 52,706,358	\$ 35,580,427	\$ 4,173,666	\$ 1,409,428	\$ 193,391,022	\$ 33,788,984	\$ 3,069,710	\$ 2,322,904	\$ 39,181,598	\$ 232,572,620

The accompanying notes are an integral part of these financial statements.

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 8,873,187	\$ (15,618,312)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	4,612,352	4,564,293
Post-retirement related changes other than net periodic pension costs	484,357	2,029,042
Bad debt	958,095	878,751
Non-cash debt issuance interest expense	27,222	73,693
Discount on contributions receivable	4,238	33,008
Change in value of split-interest agreements	2,822	46,294
Extinguishment of debt	(10,000,000)	(229,935)
Non-cash right-of-use asset adjustment	3,759	301,846
Net realized and unrealized (gain) loss on investments	<u>(4,754,860)</u>	<u>15,833,582</u>
Subtotal	(8,662,015)	23,530,574
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	877,645	(11,171,026)
Contributions receivable	(176,800)	390,000
Prepaid expenses and other assets	65,328	669,029
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	3,638,257	793,034
Accrued salaries and related benefits	(3,729,860)	(2,112,247)
Accrued vacation	(62,240)	(524,902)
Accrued post-retirement benefits	(1,344,339)	(4,301,811)
Other pension liabilities	(17,268)	(578,441)
Deferred revenues	961,256	(4,488,912)
Due to government agencies	<u>1,270,575</u>	<u>1,641,349</u>
Net cash provided by (used in) operating activities	<u>1,693,726</u>	<u>(11,771,665)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(28,148,897)	(18,454,557)
Proceeds from sales of investments	40,466,977	20,025,213
Purchases of property and equipment	<u>(5,956,175)</u>	<u>(4,432,764)</u>
Net cash provided by (used in) investing activities	<u>6,361,905</u>	<u>(2,862,108)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of bank lines of credit	(61,000,000)	(57,000,000)
Proceeds from borrowings of bank lines of credit	55,000,000	56,000,000
Proceeds from loans payable	-	16,984,586
Repayments of other long-term debt	<u>(1,825,346)</u>	<u>(1,185,484)</u>
Net cash (used in) provided by financing activities	<u>(7,825,346)</u>	<u>14,799,102</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	230,285	165,329
Cash and cash equivalents - beginning of year	<u>4,639,038</u>	<u>4,473,709</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,869,323</u>	<u>\$ 4,639,038</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 2,480,756</u>	<u>\$ 1,616,682</u>
SUPPLEMENTAL NON-CASH FINANCING ACTIVITY:		
Gain on extinguishment of debt	<u>\$ 10,000,000</u>	<u>\$ 229,935</u>

The accompanying notes are an integral part of these financial statements.

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

For 150 years, the Jewish Board of Family and Children's Services, Inc. ("The Jewish Board") has been helping New Yorkers realize their potential. Our mission is to empower New Yorkers, providing integrated mental health and social services with compassion and expertise. Each year, the Jewish Board works with approximately 45,000 individuals and families from all religious, ethnic and socioeconomic backgrounds across the five boroughs of New York City.

The Jewish Board provides a comprehensive array of behavioral health, family support, residential and developmental disabilities services. Its network of mental health clinics and satellites, which provide services in physical locations in all five boroughs and also offers telehealth options, serves more than 12,000 New Yorkers annually. The Jewish Board also provides community-based treatment and residential services to children and adults living with mental illness, domestic violence services to women and families via emergency and transitional shelters, and residential services for children and youth in and aging out of the foster care system. The Jewish Board operates foster care prevention services that work to help keep 900 families together at any given time. Its Jewish Community Services programs, which provide services designed for Jewish individuals and families, offer counseling and support across a range of issues along the life cycle, including loss and bereavement, illness and substance use, and intimate partner violence. The Jewish Board's renowned Learning department trains Jewish Board staff to meet the highest standards of care so that they are always equipped to address the most challenging needs of communities across New York City.

The Jewish Board is a Section 501(c)(3) not-for-profit corporation exempt from federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), has been classified as a publicly supported charitable organization under Section 509(a)(1) of the IRC and qualifies for the maximum charitable contribution deduction by donors. The Jewish Board is also exempt from state and local taxes. The Jewish Board's revenues are earned primarily from Medicaid, Federal, New York State and New York City government contracts for services provided, with additional support provided from philanthropy.

The Jewish Board was the sole member of the Alpha Workshops ("Alpha"), a New York State nonprofit that uses the decorative arts to educate and employ young people and adults with HIV/AIDS, disabilities, and other vulnerabilities. Alpha is a Section 501(c)(3) not-for-profit corporation exempt from federal income tax under Section 501(a) of the IRC, has been classified as a publicly supported charitable organization under Section 509(a)(1) of the IRC, and qualifies for the maximum charitable contribution deduction by donors. The Jewish Board provided all administrative support services, and complete fiscal oversight of Alpha's affairs.

The Jewish Board removed itself as a sole member and Alpha became an independent 501(c)(3) effective June 29, 2022. As part of the separation agreement, The Jewish Board granted debt forgiveness for amounts due from Alpha of \$2,347,953. The Jewish Board also agreed to pay Alpha's office lease through March 31, 2024. The amounts expensed were \$84,081 and \$588,568 for the years ended June 30, 2023 and 2022, respectively, and the amounts accrued as of June 30, 2023 and 2022 were \$224,216 and \$588,568.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Presentation* – The Jewish Board maintains its net assets under the following two classes:

- Without donor restrictions – This represents resources available for support of The Jewish Board's operations over which the Board of Trustees has discretionary control as well as investment in property and equipment.
- With donor restrictions – This represents net assets resulting from contributions and other inflows of assets whose use by The Jewish Board is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of The Jewish Board pursuant to those stipulations. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished or endowment earnings are appropriated for operations), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- B. *Cash and Cash Equivalents*** – The Jewish Board considers highly liquid debt instruments with maturities of three months or less, when acquired, to be cash and cash equivalents. Program participant funds included in the cash and cash equivalents amounted to approximately \$543,000 and \$402,000 as of June 30, 2023 and 2022, respectively. Such amounts are also included in accounts payable and accrued expenses in the accompanying financial statements.
- C. *Allowance for Uncollectible Receivables*** – The Jewish Board determines whether an allowance for uncollectible receivables should be provided for accounts receivable and contributions receivable. Such estimate is based on management's assessment of the aged basis of its receivables, current economic conditions, creditworthiness of its donors, historical experience, and collections subsequent to year end. As of June 30, 2023 and 2022, The Jewish Board determined an allowance of \$1,204,057 and \$1,142,351, respectively, was necessary for accounts receivable and no allowance was necessary for contributions receivable.
- D. *Contributions*** – Contributions are accounted for under Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2018-08. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.
- E. *Investments and Fair Value Measurements*** – Investments are stated at fair value. Alternative investments are stated at fair value as estimated by the investment managers or general partners. Values may be based on historical cost, appraisals, or other estimates that require varying degrees of judgment. Certain investments (see Note 6) are stated at Net Asset Value ("NAV") which approximates fair value. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 7.
- F. *Property and Equipment*** – Property and equipment is stated at cost less accumulated depreciation and amortization. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the term of the lease. Property and equipment is capitalized by The Jewish Board provided its cost is \$5,000 or more and its useful life is greater than one year.
- G. *Split-Interest Agreements*** – The Jewish Board is the beneficiary of a number of split-interest agreements with donors. Under these agreements, The Jewish Board controls the donated assets and distributes to the donor or donor's designee income generated from those assets until such time as stated in the agreements (usually upon the death of the donor or donor's designee). At such time, The Jewish Board will be able to utilize the remaining assets. At the time of the gift, The Jewish Board records contribution revenue and a liability for amounts payable to third-interest-party beneficiaries using an actuarial calculation based on estimated mortality rates and other assumptions that could change in the near term. The liability is adjusted annually. The fair value of investments held under split-interest agreements as of June 30, 2023 and 2022 amounted to \$214,637 and \$217,459, respectively, and consisted of investments in money market funds and bond mutual funds. As of June 30, 2023 and 2022, the assets and liabilities associated with these agreements are included in prepaid expenses and other assets, and accounts payable and accrued expenses, respectively, in the accompanying statements of financial position.

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Government Support – The Jewish Board derives its revenue from, among other sources, cost reimbursement contracts and fees for service programs with federal, New York State and New York City government agencies. The Jewish Board's Residential Treatment Center receives funding for its foster care services through foster care contracts principally entered into with New York City and various adjacent counties. The Jewish Board's Residential Treatment Facilities and Developmental Disabilities programs receive funding for their services through direct payments from governmental entities.

Revenues from evaluation and education services (early childhood programs) are principally cost-based. The revenues for such services are recorded at tuition rates established by governmental payors (principally the New York State Education Department and the New York City Department of Education). Program service fees are accounted for under FASB Accounting Standards Codification ("ASC") Topic 606. Government grants are accounted for under FASB ASU 2018-08. Multi-year governmental contracts included under government grants are cancellable by the funder upon its sole discretion. Conditional grant revenue in the coming years is expected to be consistent with the current year at approximately \$72,000,000 per year.

I. Donated Services – The Jewish Board receives certain contributed services that meet the criteria under U.S. GAAP for recognition as in-kind contributions and expense. Such services (primarily volunteer caseworkers and pro bono legal services) are recorded in the financial statements at fair value and amounted to \$652,535 and \$672,680 for the years ended June 30, 2023 and 2022, respectively. Other volunteers have donated time to The Jewish Board's programs and supporting services. No amounts have been reflected in the accompanying financial statements for those services as they do not meet the recognition criteria under U.S. GAAP.

J. Functional Allocation of Expenses – The cost of providing the various program and supporting services has been summarized on a functional basis in the statements of functional expenses. Accordingly, expenses that are not directly charged to programs and supporting services are allocated among programs and supporting services. The expenses that are allocated include occupancy and maintenance which are allocated on a square footage basis, as well as payroll taxes and benefits, which are allocated on the basis of estimates of time and effort.

K. Operating and Non-Operating Activities – The Jewish Board includes in its definition of operations, all revenues and expenses that are an integral part of its programs and supporting activities, including all contributions except for endowments that are perpetual in nature. Investment income, including realized and unrealized gains and losses earned in excess of (or less than) the amount used for operations and capital grants, are recognized as non-operating activities.

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

M. Reclassification – Certain line items in the June 30, 2022 financial statements were reclassified to conform to the June 30, 2023 presentation. These changes had no impact on the change in net assets for the year ended June 30, 2022.

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position dates, include the following as of June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 4,869,323	\$ 4,639,038
Accounts receivable, net	57,251,473	59,087,213
Contributions receivable, due in one year	1,177,901	1,200,000
Investments	89,982,792	97,546,012
Net assets with donor restrictions	<u>(21,274,950)</u>	<u>(16,239,256)</u>
Total financial assets	<u>\$ 132,006,539</u>	<u>\$ 146,233,007</u>

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 – LIQUIDITY AND AVAILABILITY (Continued)

The Jewish Board has budgeted at breakeven which will allow expenses to be covered by income. In order to manage liquidity, The Jewish Board relies on collection of accounts receivable for general expenditures. As stated in Note 10, The Jewish Board has a line of credit available for short-term needs that is used for general expenditures when there are timing or collection issues of accounts receivable.

NOTE 4 – ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Due from the City of New York	\$ 32,757,624	\$ 29,172,885
Due from the State of New York	15,873,884	21,942,867
Due from other sources	<u>9,824,022</u>	<u>9,113,812</u>
	58,455,530	60,229,564
Less: allowance for doubtful accounts	<u>(1,204,057)</u>	<u>(1,142,351)</u>
	<u>\$ 57,251,473</u>	<u>\$ 59,087,213</u>

NOTE 5 – CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net are recorded net of a discount (at a risk adjusted rate) to reflect the present value of future cash flows and are scheduled to be collected as follows as of June 30:

	<u>2023</u>	<u>2022</u>
Less than one year	\$ 1,177,901	\$ 1,200,000
One to five years	<u>750,000</u>	<u>551,101</u>
	1,927,901	1,751,101
Less: Discount to present value	<u>(103,221)</u>	<u>(98,983)</u>
	<u>\$ 1,824,680</u>	<u>\$ 1,652,118</u>

NOTE 6 – INVESTMENTS

Investments consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Money market funds	\$ 402,195	\$ 652,716
Equities	11,754,557	12,788,108
Mutual funds	57,671,722	63,861,667
Alternative investments	<u>20,154,318</u>	<u>20,243,521</u>
	<u>\$ 89,982,792</u>	<u>\$ 97,546,012</u>

Alternative investments consist of the following:

Diversified inflation hedges – The fund's investment objective is to provide strong relative performance versus broad equity and fixed income markets during rising inflation environments.

Hedge funds – The fund invests primarily in offshore investment funds, investment partnerships and pooled investment vehicles. The investment in the fund is recorded at fair value based on financial data, which is generally at an amount equal to NAV per share or the fund's proportionate interest in the net assets.

Limited partnerships - Limited partnerships invest primarily in a collection of diversified hedge fund strategies from a variety of underlying managers. Investments consist of hedge funds and other funds focusing on long/short equity, relative value, credit, event driven opportunities, distressed investment and multi-strategy approaches.

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 – INVESTMENTS (Continued)

The components and designation of investment activity is as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Realized (loss) gain	\$ (1,122,654)	\$ 5,001,305
Unrealized gain (loss)	<u>5,877,514</u>	<u>(20,834,887)</u>
Net realized and unrealized activity	4,754,860	(15,833,582)
Interest and dividends	2,433,792	2,836,783
Investment fees	<u>(457,001)</u>	<u>(521,776)</u>
 Total investment activity	 <u>\$ 6,731,651</u>	 <u>\$ (13,518,575)</u>
 Designation:		
Amount used for operations	\$ 4,999,992	\$ 4,816,997
Amount considered non-operating	<u>1,731,659</u>	<u>(18,335,572)</u>
 Total	 <u>\$ 6,731,651</u>	 <u>\$ (13,518,575)</u>

The current spending policy of The Jewish Board is discretionary and approved by the Board through the annual budget approval process.

Investments generally are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

NOTE 7 – FAIR VALUE MEASUREMENTS

In determining fair value, The Jewish Board utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Investments in equity securities and mutual funds (except included under Level 2) are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. See Note 2E for the valuation on alternative investments.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. For the years ended June 30, 2023 and 2022, there were no transfers in or out of levels.

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 – FAIR VALUE MEASUREMENTS (Continued)

Financial assets carried at fair value as of June 30, 2023 are classified in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money market funds	\$ 402,195	\$ -	\$ 402,195
Equities:			
Domestic	11,754,557	-	11,754,557
Mutual funds:			
Domestic	20,685,988	-	20,685,988
International	9,724,549	10,957,038	20,681,587
Corporate bonds	16,304,147	-	16,304,147
Subtotal	<u>\$ 58,871,436</u>	<u>\$ 10,957,038</u>	69,828,474
Assets using NAV as practical expedient:			
Diversified inflation hedges			10,028,552
Hedge funds			5,917,693
Limited partnerships			4,208,073
Total			<u>\$ 89,982,792</u>

Financial assets carried at fair value as of June 30, 2022 are classified in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money market funds	\$ 652,716	\$ -	\$ 652,716
Equities:			
Domestic	12,788,108	-	12,788,108
Mutual funds:			
Domestic	23,948,813	-	23,948,813
International	13,617,695	11,344,240	24,961,935
Corporate bonds	14,950,919	-	14,950,919
Subtotal	<u>\$ 65,958,251</u>	<u>\$ 11,344,240</u>	77,302,491
Assets using NAV as practical expedient:			
Diversified inflation hedges			12,018,953
Hedge funds			5,612,216
Limited partnerships			2,612,352
Total			<u>\$ 97,546,012</u>

The following investments are valued at NAV, which equals fair value as of June 30:

	<u>2023</u>	<u>2022</u>	<u>Unfunded</u> <u>Commitments</u>	<u>Redemption</u> <u>Frequency</u>	<u>Redemption</u> <u>Notice Period</u>
Diversified inflation hedges	\$ 10,028,552	\$ 12,018,953	None	Quarterly	10 days
Hedge funds	5,917,693	5,612,216	None	Quarterly	10-90 days
Limited partnerships –					
Harborvest 2022 Global				Not	Not
Fund LP	518,185	-	\$2,550,000	redeemable*	redeemable*
Limited partnerships –					
Blackstone Total				Not	Not
Alternative Solutions VI	3,689,888	2,612,352	None	redeemable*	redeemable*
	<u>\$ 20,154,318</u>	<u>\$ 20,243,521</u>			

* Proceeds are returned to the investor overtime by the fund manager exiting investments and distributing profits to the investor. At the end of the life of the fund all remaining investments are liquidated and all remaining proceeds are distributed to the investor.

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following as of June 30:

	<u>2023</u>	<u>2022</u>	<u>Estimated Useful Lives</u>
Land	\$ 17,471,606	\$ 17,471,606	
Building and building improvements	99,432,338	97,469,148	15-50 years
Leasehold improvements	5,184,736	5,184,736	5-40 years
Furniture and equipment	38,851,019	37,338,294	3-10 years
Construction in progress (see below)	<u>6,441,772</u>	<u>3,961,512</u>	
	167,381,471	161,425,296	
Less: accumulated depreciation and amortization	<u>(105,260,345)</u>	<u>(100,647,993)</u>	
	<u>\$ 62,121,126</u>	<u>\$ 60,777,303</u>	

Depreciation and amortization expense amounted to \$4,612,352 and \$4,564,293 for the years ended June 30, 2023 and 2022, respectively. During the year, ended June 30, 2022, \$366,602 of fully depreciated equipment was written off.

Construction in progress consists of renovations at various facilities with an estimated cost of completion of approximately \$55 million as of June 30, 2023. The projects are expected to be completed in the upcoming fiscal year. There was approximately \$1.8 million of construction in progress transferred out to building and building improvements.

NOTE 9 – OTHER LONG-TERM DEBT

The following are various mortgages and a note secured by the applicable underlying properties or as otherwise noted. Since payments on these long-term loans are generally flow-through amounts under funding contracts with the applicable funding agencies, the interest rates disclosed are not indicative of an out-of-pocket debt service obligation.

<u>Description</u>	<u>2023</u>	<u>2022</u>	<u>Due Date</u>
Note payable to a bank. Principal payments start in August 2026. Interest payments are currently paid monthly. The interest rate is 3.55%. Loan is secured by property. (b)	\$ 16,984,586	\$ 16,984,586	2031
Mortgage payable to DASNY in semi-annual installments of \$138,933. The interest rate is 7.15%. (a)	134,139	388,686	2023
Mortgage payable to DASNY in semi-annual installments of \$259,630. The interest rate is 4.95%. (a)	259,450	737,758	2023
Mortgage payable to a bank in monthly installments of \$7,553. The interest rate is 4.46%. (b)	491,782	556,449	2029
Mortgage payable to DASNY in semi-annual installments of \$213,755. The interest rate is 4.95%. (a)	2,937,511	3,209,587	2031
Mortgage payable to DASNY in semi-annual installments of \$37,235. The interest rate is 5.05%. (a)	509,632	556,606	2031
Mortgage payable to DASNY in semi-annual installments of \$60,350. The interest rate is 5.00%. (a)	<u>903,707</u>	<u>977,232</u>	2032
Subtotal:	<u>\$ 22,220,807</u>	<u>\$ 23,410,904</u>	

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9 – OTHER LONG-TERM DEBT (Continued)

Subtotal from previous page:	\$ 22,220,807	\$ 23,410,904	
Mortgage payable to a bank in monthly installments of \$10,049. The interest rate is 5.77%. (b)	1,422,212	1,458,429	2033
Mortgage payable to DASNY in semi-annual installments of \$98,540. The interest rate is 4.02%. (a)	1,800,262	1,921,255	2034
State aid grant payable to DASNY in monthly installments of \$425. No interest is imputed. (a)	86,642	91,739	2026
Equipment lease to a bank in monthly installments of \$10,584. The interest rate is 2.898%. (a)	305,934	412,677	2025
Equipment lease to a bank in monthly installments of \$7,430. The interest rate is 2.665%. (a)	236,169	361,657	2026
Equipment lease to a bank in monthly installments of \$7,365. The interest rate is 3.784%. (a)	223,845	327,590	2026
Equipment lease to a bank in monthly installments of \$19,788. The interest rate is 5.267% (a)	593,201	730,167	2026
	26,889,072	28,714,418	
Less: debt issuance costs:	(104,202)	(131,424)	
	<u>\$ 26,784,870</u>	<u>\$ 28,582,994</u>	

(a) Non-recourse long-term debt secured by the property.

(b) Pursuant to the credit agreement, The Jewish Board is required to maintain certain financial covenants. As of June 30, 2023 and 2022, The Jewish Board was in compliance with all applicable covenants.

Required future annual principal payments are payable as follows for each of the five years ending after June 30, 2023 and thereafter:

2024	\$ 1,533,162
2025	1,202,061
2026	1,014,999
2027	751,154
2028	787,211
Thereafter	21,600,485
	<u>\$ 26,889,072</u>

NOTE 10 – BANK LINES OF CREDIT

Bank lines of credit consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>	<u>Expiration</u>
Unsecured line of credit amounting to \$21,000,000 with TD Bank. The interest rate is 1.5% above the LIBOR 30-day rate.	\$ 14,000,000	\$ 19,000,000	2024
Unsecured line of credit amounting to \$15,000,000 with Bank of America. The interest rate per annum is the average secured overnight financing rate ("SOFR").	4,000,000	5,000,000	2024
	<u>\$ 18,000,000</u>	<u>\$ 24,000,000</u>	

There are certain financial covenants associated with the bank lines of credit. As of June 30, 2023 and 2022, The Jewish Board was in compliance with those covenants.

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 11 – LOAN PAYABLE

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program ("PPP"). Participating in the PPP enables the business to obtain a loan from the Small Business Administration ("SBA") sector of the government. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven.

During the year ended June 30, 2021, The Jewish Board applied for the second round of PPP loans through SBA authorized lenders. The loan amounting to \$10,000,000 was approved and received in April 2021. The Jewish Board has opted to account for the proceeds as a loan under FASB ASC 470, *Debt*, until the loan is, in part or wholly, forgiven and the entity has been "legally released". The Jewish Board's PPP loan was forgiven on August 1, 2022 and revenue of \$10,000,000 was recognized as an extinguishment of debt on the statement of activities for the year ended June 30, 2023.

NOTE 12 – ACCRUED POST-RETIREMENT BENEFITS

The Jewish Board maintains an accrued post-retirement benefit plan for its employees who have attained age 45 and were employed prior to January 1, 2013.

The unfunded status is as follows as of June 30:

	<u>2023</u>	<u>2022</u>
Change in benefit obligation:		
Benefit obligation at beginning of the year	\$ 7,248,167	\$ 9,520,936
Service cost	47,950	99,652
Interest cost	310,382	230,230
Actuarial gain	(787,780)	(2,155,602)
Benefits paid	<u>(430,534)</u>	<u>(447,049)</u>
Benefit obligation at end of the year	6,388,185	7,248,167
Fair value of plan assets	<u>-</u>	<u>-</u>
Unfunded status	<u>\$ 6,388,185</u>	<u>\$ 7,248,167</u>

The components of net periodic benefit cost are as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Service cost	\$ 47,950	\$ 99,652
Interest cost	310,382	230,230
Amortization of actuarial gain	<u>(336,650)</u>	<u>(134,638)</u>
Net periodic cost	<u>\$ 21,682</u>	<u>\$ 195,244</u>

For the years ended June 30, 2023 and 2022, the amounts recognized in net assets without donor restrictions were cumulative actuarial gain of \$134,302 and \$192,903, respectively.

The weighted assumptions used as of and for the years ended June 30 are as follows:

Benefit Obligation:	<u>2023</u>	<u>2022</u>
Discount rate	4.48%	2.50%
Expected return on plan assets	N/A	N/A
Rate of compensation increase	N/A	N/A
Net periodic pension cost:		
Discount rate	5.16%	4.48%
Expected return on plan assets	N/A	N/A
Rate of compensation increase	N/A	N/A

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 12 – ACCRUED POST-RETIREMENT BENEFITS (Continued)

The projected future benefit payments are approximately as follows as of June 30:

2024	\$	605,000
2025		595,000
2026		586,000
2027		570,000
2028		556,000
Thereafter		<u>2,506,000</u>
	\$	<u>5,418,000</u>

To illustrate the impact of the health care cost trend for the post-retirement plan, increasing the assumed medical care cost trend rates by 1% in each year would increase the accumulated post-retirement benefit obligation by \$20,545 as of June 30, 2023, and the aggregate of the service and interest cost components of net periodic post-retirement benefit cost for the year then ended by \$1,229. Decreasing the assumed health care cost trend rates by 1% would decrease the accumulated post-retirement benefit obligation by \$19,169 as of June 30, 2023, and the aggregate of the service and interest cost components of net periodic post-retirement benefit cost for the year then ended by \$1,142.

NOTE 13 – 403(b) PENSION PLAN AND OTHER

- A. 403(b) Plan – The Jewish Board offers a 403(b) retirement plan covering all employees. All employees can make salary reduction contributions. The Jewish Board does not make any contributions to the plan.
- B. The Jewish Board maintains a Supplementary Executive Retirement Plan ("SERP") under IRC Sections 457(b) and 457(f) for certain employees. The Jewish Board contributed approximately \$121,000 and \$103,000 for the years ended June 30, 2023 and 2022 to the SERP, respectively. The fair value of the plans' assets and resulting liabilities aggregated to approximately \$2,800,000 as of both June 30, 2023 and 2022. Plan assets are included in prepaid expenses and other assets and the related liability is included in other pension liabilities in the accompanying statements of financial position.

NOTE 14 – MULTIEMPLOYER PENSION PLAN

The United Jewish Appeal-Federation of Jewish Philanthropies of New York, Inc. ("UJA-Federation") and The Jewish Board participate in a multiemployer defined benefit pension plan covering eligible union and non-union employees of these entities as well as eligible employees of participating affiliated agencies of UJA-Federation. The name of the plan is the Retirement Plan for Employees of the United Jewish Appeal-Federation of Jewish Philanthropies of New York, Inc. and Affiliated Agencies and Institutions (the "Plan"). The Plan is filed under the Employer Identification Number 51-0172429 and the three-digit pension plan Number 333.

The Plan follows the single employer funding requirements and is not required to file an annual zone certification under the Pension Protection Act of 2006 ("PPA") and disclosures concerning a financial improvement plan or a rehabilitation plan are not applicable. The Plan is approximately 78% funded using the most recent financial information as of September 30, 2022. All employees with a minimum of 1,000 hours worked in a year are eligible to participate. The Jewish Board's share of the retirement plan expense amounted to \$4,269,252 and \$4,388,291 for the years ended June 30, 2023 and 2022, respectively.

NOTE 15 – NET ASSETS WITH DONOR RESTRICTIONS

Endowment funds consist of funds with donor restrictions. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 15 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The Board of Trustees of The Jewish Board has adopted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). NYPMIFA moved away from the "historical dollar value" standard and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. In accordance with NYPMIFA, The Jewish Board classifies as net assets with donor restrictions, (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as donor-restricted net assets until those amounts are appropriated for expenditure by the Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA. The Jewish Board recognizes that NYPMIFA creates a rebuttable presumption of imprudence if it appropriates more than 7% of a donor-restricted perpetual endowment fund's fair value (averaged over a period of not less than the preceding five years) in any year.

The Jewish Board's investments include the restricted endowment that must be held in perpetuity. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets with a moderate level of risk. To satisfy the long-term rate-of-return objective, The Jewish Board relies on a total return strategy in which investment returns are achieved both through capital appreciation and current yield. The Jewish Board employs a diversified asset allocation to achieve consistency of returns and to minimize risk. Interest earned in relation to the endowment funds is recorded as net assets without donor restrictions, since it is appropriated and spent in the year it is earned.

Investments to be held in perpetuity amounted to \$6,565,209 as of both June 30, 2023 and 2022. The income generated is expendable to support the general operating activities of The Jewish Board once appropriated.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts. Such situations are commonly referred to as being "underwater." When an underwater endowment fund exists, it is classified as a reduction of net assets with donor restrictions. As of June 30, 2023 and 2022, the endowment funds were not underwater.

The change in endowment net assets for the year ended June 30, 2023 is as follows:

	<u>With Donor Restrictions</u>	<u>Perpetual in Nature</u>	<u>Total</u>
Investment activity	\$ 496,414	\$ -	\$ 496,414
Appropriated by the Board of Trustees	<u>-</u>	<u>-</u>	<u>-</u>
Net change	496,414	-	496,414
Balance, beginning of year	<u>628,160</u>	<u>6,565,209</u>	<u>7,193,369</u>
Balance, end of year	<u>\$ 1,124,574</u>	<u>\$ 6,565,209</u>	<u>\$ 7,689,783</u>

The change in endowment net assets for the year ended June 30, 2022 is as follows:

	<u>With Donor Restrictions</u>	<u>Perpetual in Nature</u>	<u>Total</u>
Investment activity	\$ (1,029,913)	\$ -	\$ (1,029,913)
Appropriated by the Board of Trustees	<u>(534,211)</u>	<u>-</u>	<u>(534,211)</u>
Net change	(1,564,124)	-	(1,564,124)
Balance, beginning of year	<u>2,192,284</u>	<u>6,565,209</u>	<u>8,757,493</u>
Balance, end of year	<u>\$ 628,160</u>	<u>\$ 6,565,209</u>	<u>\$ 7,193,369</u>

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 15 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions included the following as of June 30:

	<u>2023</u>	<u>2022</u>
Endowment fund – perpetual in nature	\$ 6,565,209	\$ 6,565,209
Educational services for children (including time restricted)	7,775,531	5,117,706
Residential	3,766,017	2,446,562
Community services	2,040,414	1,478,414
Unappropriated earnings on endowment funds	1,124,574	628,160
Other	<u>3,205</u>	<u>3,205</u>
	<u>\$ 21,274,950</u>	<u>\$ 16,239,256</u>

Net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Residential	\$ 5,767	\$ 110,865
Education	<u>759,984</u>	<u>1,078,570</u>
	<u>\$ 765,751</u>	<u>\$ 1,189,435</u>

NOTE 16 – OPERATING LEASES

The Jewish Board has entered into lease agreements through fiscal year 2034. These leases include rent escalations. The Jewish Board assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed.

As of June 30, 2023 and 2022, the right-of-use ("ROU") asset amounted to \$40,989,674 and \$36,498,610, respectively, and lease liability amounted to \$41,245,510 and \$36,750,687, respectively, as shown in the statements of financial position. The ROU assets and lease liabilities were calculated utilizing discount rates of 3.55%-8.25% based on the incremental borrowing rate at lease inception.

Total cash paid by The Jewish Board in the determination of the lease liabilities totaled approximately \$14.5 million for the year ended June 30, 2023. For the year ended June 30, 2023, the weighted average of the remaining lease term is approximately 5.9 years, and the weighted average discount rate is approximately 6.1%.

Future minimum payments for non-cancelable operating leases for the next five years ending after June 30, 2023 and thereafter are as follows:

2024	\$ 15,927,309
2025	8,950,775
2026	5,616,383
2027	4,190,694
2028	2,215,894
Thereafter	<u>10,096,384</u>
Total lease payments	46,997,439
Less: Present value discount	<u>(5,751,929)</u>
Present value of lease liabilities	<u>\$ 41,245,510</u>

Rent expense under the operating leases amounted to approximately \$17,600,000 and \$17,925,000 for the years ended June 30, 2023 and 2022, respectively.

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 17 – COMMITMENTS AND CONTINGENCIES

- A.** The Jewish Board, in the ordinary course of business, is exposed to various potential claims and assessments. The Jewish Board is also subject to legal proceedings and claims which have arisen in part because New York State has temporarily suspended certain statutes of limitations. These complaints and allegations date from 1963 to 2019, with the majority dating between the 1970s and 1980s. These claims and assessments have not been fully adjudicated. As of June 30, 2023, management cannot determine the final outcome of these claims and has not recorded any liability in the financial statements.
- B.** The Jewish Board receives a significant portion of its revenue for services provided from third-party government reimbursement agencies. These revenues are based on predetermined rates based on cost reimbursement principles and are subject to audit and retroactive adjustment by the government. The Jewish Board, when appropriate, records an estimated liability to funding sources for excess reimbursement over allowable costs and underspending of interim rates.

The Jewish Board receives certain funding for its programs in the form of operational grants, which usually pertain to a period of one year or longer. This support is restricted to operations within the terms of the grants and, accordingly, recognition of grant support is deferred until qualifying expenditures are incurred. Any excess of grant support over expenses incurred is recorded as due to government agencies and deferred revenues, in the accompanying statements of financial position.

- C.** The Jewish Board believes it has no uncertain tax positions as of June 30, 2023 and 2022 in accordance with ASC Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 18 – CONCENTRATIONS

- A.** Cash and cash equivalents that potentially subject The Jewish Board to a concentration of credit risk include cash accounts that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Cash accounts are insured up to \$250,000 per depositor, per insured financial institution. As of June 30, 2023 and 2022, there was approximately \$3.9 million and \$5.3 million, respectively, of cash and cash equivalents held by banks that exceeded FDIC limits.
- B.** Certain full-time employees of The Jewish Board are covered by collective bargaining agreements as of June 30, 2023 and 2022. These agreements stipulate wage levels and differentials, participation in group benefits, multi-employer pension plans and certain agreements with regard to paid time off and leave policies, work hours and schedules, personnel policies and discipline. As of June 30, 2023 and 2022, The Jewish Board estimated approximately 48% and 44%, respectively, of its employees are covered under collective bargaining agreements.

NOTE 19 – DONATED SERVICES

Donated services for the year ended June 30, 2023 consisted of the following:

<u>Nonfinancial Asset</u>	<u>Amount</u>	<u>Usage in Programs/Activities</u>	<u>Donor-imposed Restrictions</u>	<u>Fair Value Techniques</u>
Volunteer services	\$ 652,535	Various positions in programs	No associated donor restrictions	Based on hourly rates of comparable staff positions

Donated services for the year ended June 30, 2022 consisted of the following:

<u>Nonfinancial Asset</u>	<u>Amount</u>	<u>Usage in Programs/Activities</u>	<u>Donor-imposed Restrictions</u>	<u>Fair Value Techniques</u>
Volunteer services	\$ 672,680	Various positions in programs	No associated donor restrictions	Based on hourly rates of comparable staff positions

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 20 – REVENUE FROM CONTRACTS WITH CUSTOMERS

Service Contracts - The Jewish Board receives revenue from contracts with various government agencies, including the New York State Office of Mental Health (OMH), New York State Office for People with Developmental Disabilities (OPWDD) and the New York State Department of Health (DOH) to provide support and services to individuals and family members of individuals with behavioral health, family support, and developmental disabilities services. Revenue is reported at the amount that reflects the consideration to which The Jewish Board expects to be entitled in exchange for providing the contracted services. These amounts are due from the government agencies, third-party payors (including government programs), individuals (including Supplemental Security Income (SSI) benefits) and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations.

Generally, The Jewish Board bills government agencies, third-party payors and individuals after the services are performed or have completed their portion of the contract. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied.

Performance Obligation - Performance obligations are determined based on the nature of the services provided by The Jewish Board in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Jewish Board measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the government agencies' stipulations.

All performance obligations relate to contracts with a duration of less than one year; therefore, there are no performance obligations or contract balances that are unsatisfied as of June 30, 2023 and 2022. The performance obligations for these contracts are completed when the service is completed and upon submission of required documentation. The Jewish Board determines the transaction price based on established rates and contracts for services provided.

Program service fees consist of revenues for the following programs:

	<u>2023</u>	<u>2022</u>
Adult and Family Residential	\$ 13,588,931	\$ 12,269,619
Community Behavioral Health	43,920,645	48,840,987
Jewish Services	34,244,005	33,206,195
Youth and Family Services	24,204,305	24,536,721
Administration/Philanthropy	<u>15,236</u>	<u>144,136</u>
	<u>\$ 115,973,122</u>	<u>\$ 118,997,658</u>

NOTE 21 – MEDICAL SELF-INSURANCE

The Jewish Board maintains a self-funded, comprehensive medical care benefits program. The accrued liability for the self-insured components of the program includes an estimate of the incurred, but not yet reported claims expense. The accrual is estimated based on an actuarial report provided by the Jewish Board actuary. The liability as of June 30, 2023 and 2022 had been determined to be \$2,321,000 and \$1,000,000, respectively. The liability is included in accounts payable and accrued expenses on the statements of financial position.

JEWISH BOARD OF FAMILY AND CHILDREN'S SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 21 – MEDICAL SELF-INSURANCE (Continued)

All of The Jewish Board employees and their dependents are eligible to participate in the program. The Jewish Board is self-insured for health claims of participants up to an annual aggregate amount of \$200,000 per covered participant. Commercial stop-loss insurance coverage is purchased for claims in excess of the annual aggregate amount. The cost of medical care is paid out of employee and employer contributions and is held in a separate bank account. The Jewish Board has contracted with United Health Care, a third-party administrator, to provide administrative services for this health care benefits program. The ending balance of the (prepaid) accrued employee health claims is included in prepaid expenses and other assets in the statement of net position. Activity of the (prepaid) accrued employee health claims as of June 30, 2023 and 2022 is below:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 262,942	\$ 500,573
Claim estimate	21,656,710	23,330,858
Claims and expenses paid	<u>(21,969,652)</u>	<u>(23,568,489)</u>
Balance, end of year	<u>\$ (50,000)</u>	<u>\$ 262,942</u>

NOTE 22 – SUBSEQUENT EVENTS

Management has evaluated for potential recognition and disclosure, events subsequent to the date of the statement of financial position through November 30, 2023, the date the financial statements were available to be issued.