Jewish Service
for the Developmentally Disabled
of MetroWest, Inc.

Financial Statements

Year Ended June 30, 2024

Jewish Service for the Developmentally Disabled of MetroWest, Inc.

Financial Statements

Year Ended June 30, 2024

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Independent Auditor's Report

Board of Trustees
Jewish Service for the Developmentally Disabled
of MetroWest, Inc.
Livingston, New Jersey

Opinion

We have audited the financial statements of Jewish Service for the Developmentally Disabled of MetroWest, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2024, the related statements of activities and change in net assets, functional expenses, and cash flows for the year 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 Organization as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization'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.

Known Departure from Accounting Principles Generally Accepted in the United States of America

As disclosed in Note 1 to these financial statements, the financial statements do not include the entities: Jewish Association for Special Needs, Inc. ("JASN"), Jewish Association for Special Needs II, Inc. ("JASN II"), Whippany Jewish Association for Special Needs, Inc. ("Whippany JASN"), and JSDD Foundation, Inc. (the "Foundation"). Under accounting principles generally accepted in the United States of America, these entities should be consolidated because they are under common control by the Organization.

Sax LLP

Parsippany, New Jersey
January 3, 2025

Jewish Service for the Developmentally Disabled of MetroWest, Inc.

Statement of Financial Position

June 30, 2024

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 798,079	
Investments	3,608,027	
Accounts receivable	331,518	
Due from related party	121,856	
Employee Retention Credit ("ERC") receivable	19,218	
Total current assets		$ 4,878,698
PROPERTY AND EQUIPMENT, NET		1,669,869
OTHER ASSETS		
Net operating lease - right of use ("ROU") asset	879,803	
Assets whose use is limited	80,602	
Total other assets		960,405
TOTAL ASSETS		**$ 7,508,972**
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 541,885	
Due to related party	26,819	
Operating lease obligation, current portion	16,953	
Notes payable, current portion	14,301	
Total current liabilities		$ 599,958
NON-CURRENT LIABILITIES		
Notes payable, net of current portion	813,550	
Operating lease obligation, net of current portion	862,165	
Medicaid reserve for contractual adjustments	450,000	
Total non-current liabilities		2,125,715
TOTAL LIABILITIES		2,725,673
NET ASSETS		
Without donor restrictions	4,783,299	
Total net assets		4,783,299
TOTAL LIABILITIES AND NET ASSETS		**$ 7,508,972**

See Accompanying Notes to Financial Statements.

Jewish Service for the Developmentally Disabled of MetroWest, Inc.

Statement of Activities and Change in Net Assets

Year Ended June 30, 2024

	Without Donor Restrictions	Total
SUPPORT AND REVENUES		
Government grants and contracts	$ 817,132	$ 817,132
Contributions and foundation grants	1,197,149	1,197,149
Program fees	9,338,750	9,338,750
Investment income	453,641	453,641
Other support	31,784	31,784
Total support and revenues	11,838,456	11,838,456
FUNCTIONAL EXPENSES		
Program services	9,668,626	9,668,626
General and administrative	1,679,658	1,679,658
Total functional expenses	11,348,284	11,348,284
CHANGE IN NET ASSETS	**490,172**	**490,172**
NET ASSETS, *beginning of year*	4,293,127	4,293,127
NET ASSETS*, end of year*	**$ 4,783,299**	**$ 4,783,299**

See Accompanying Notes to Financial Statements.

Jewish Service for the Developmentally Disabled of MetroWest, Inc.

Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services						
	Group Home Operations	Life, Home, Tech	WAE Center	Total	General and Administrative	Fundraising	Total
Salaries	$ 5,117,352	$ 321,758	$ 964,119	$ 6,403,229	$ 877,205	$ -	$ 7,280,434
Fringe benefits and payroll taxes	1,011,637	125,103	219,367	1,356,107	72,816	-	1,428,923
Consultants and professional fees	145,191	96,390	301,214	542,795	118,287	-	661,082
Reserve for contractual adjustments	-	-	-	-	50,000	-	50,000
Office supplies, postage, and printing	23,276	3,294	12,558	39,128	51,712	-	90,840
Household supplies	33,448	14,745	-	48,193	244	-	48,437
Food for clients and staff	314,773	63	12,252	327,088	49,356	-	376,444
Repairs and maintenance	156,806	32,934	2,556	192,296	1,499	-	193,795
Occupancy	115,738	10,598	3,420	129,756	144,607	-	274,363
Insurance	141,312	8,399	27,773	177,484	8,861	-	186,345
Client assistance	13,964	-	598	14,562	-	-	14,562
Travel and transportation	266,926	-	21,927	288,853	23,032	-	311,885
Telephone and communication	62,022	8,381	1,137	71,540	10,035	-	81,575
Training, conferences, and meetings	2,269	-	2,015	4,284	55,929	-	60,213
Dues and subscriptions	1,820	6,458	1,617	9,895	140,296	-	150,191
Advertising and promotion	219	458	195	872	4,577	-	5,449
Interest expense	-	-	-	-	819	-	819
Grants to related organizations	62,544	-	-	62,544	-	-	62,544
	7,469,297	628,581	1,570,748	9,668,626	1,609,275	-	11,277,901
Depreciation expense	-	-	-	-	70,383	-	70,383
Total	**$ 7,469,297**	**$ 628,581**	**$ 1,570,748**	**$ 9,668,626**	**$ 1,679,658**	**$ -**	**$ 11,348,284**

See Accompanying Notes to Financial Statements.

Jewish Service for the Developmentally Disabled of MetroWest, Inc.

Statement of Cash Flows

Year Ended June 30, 2024

CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Change in net assets		$ 490,172
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation	$ 70,383	
Gain on sale of investments	(103,462)	
Unrealized gain on investments	(221,626)	
Net operating lease - ROU asset amortization	16,210	
Reserve for contractual adjustments	50,000	
(Increase) decrease in assets		
Accounts receivable	(5,457)	
Due from related party	251,637	
Prepaid expenses	3,335	
ERC receivable	1,283,383	
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	241,836	
Operating lease obligation reduction	(16,895)	
Client funds payable	(12,833)	
		1,556,511
Net cash flows provided by operating activities		2,046,683
CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES		
Property, equipment, and equipment additions	(92,182)	
Purchase of investments	(2,840,310)	
Sale of investments	746,714	
Net cash flows used for investing activities		(2,185,778)
CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES		
Repayments of note payable	(13,732)	
Proceeds from related party	26,819	
Net cash flows provided by financing activities		13,087
Net decrease in cash, cash equivalents, and restricted cash		**(126,008)**
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, *beginning of year*		1,004,689
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, *end of year*		**$ 878,681**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for		
Interest		**$ 819**
Cash and cash equivalents		$ 798,079
Restricted cash		
Assets whose use is limited		80,602
Total cash, cash equivalents, and restricted cash, end of year		**$ 878,681**

See Accompanying Notes to Financial Statements.

Note 1 - Known Departure From Accounting Principles Generally Accepted in the United States of America and Principles of Consolidation

These financial statements include the accounts of Jewish Service for the Developmentally Disabled of MetroWest, Inc. (“JSDD”)

JSDD has elected not to consolidate the entities: JASN, JASN II, Whippany JASN, and the Foundation, which is a departure from accounting principles generally accepted in the United States of America due to all of the entities being under common control.

Note 2 - Nature of Activities

JSDD was established as a New Jersey, not-for-profit corporation in 1996. JSDD provides various services to individuals with disabilities and their families and operates residential facilities to service the needs of these individuals. JSDD also operates the WAE (Wellness, Arts, and Enrichment) Center, which provides activities and classes for individuals with disabilities, who are over the age of 15. JSDD’s housing facilities were predominately paid for from grant proceeds provided by the New Jersey Department of Human Services - Division of Developmental Disabilities (“NJDHS-DDD”), the County of Essex, and the New Jersey Housing and Mortgage Finance Agency (“NJHMFA”) Special Needs Housing Trust Funds.

Note 3 - Summary of Significant Accounting Policies

a. Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”) as detailed in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”).

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The net assets without donor restrictions category represents net assets that are not subject to donor-imposed restrictions and the net asset with donor restrictions category represents net assets that are subject to time or purpose donor-imposed restrictions.

Assets accumulated, and resources received and expended by the Organization are either without donor restrictions or restricted by the donor for a particular purpose. Net assets with donor restrictions represent contributions to the Organization whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled by expending the funds for their restricted purpose. The designation of net assets for specific purposes by the Organization itself does not constitute a basis for reclassifying them as net assets with donor restrictions.

Following guidance in FASB Accounting Standards Update (“ASU”) 2016-18 *Statement of Cash Flows* (“Topic 230”), amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Cash and restricted cash are presented in more than one line item on the statement of financial position.

Note 3 - Summary of Significant Accounting Policies - Continued

a. Basis of Presentation - *Continued*

Following guidance in FASB ASU 2018-08, *Not-for-Profit Entities* ("Topic 958"): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, the Organization must use specific criteria when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. ASU No. 2018-08 also provides a framework to determine whether a contribution is conditional or unconditional which may impact the timing of revenue recognition. Under the guidance, if a transaction is considered an exchange transaction, it is accounted for under the applicable revenue recognition standards.

b. Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

c. Restricted Cash and Assets Whose Use is Limited

Certain cash accounts have been established with governmental funding that limits the withdrawal of funds without approval from the governmental agency. These accounts are shown as assets whose use is limited in the financial statements.

d. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Such estimates also affect the reported amounts of revenue and expenses during the reporting period and include pension obligation, depreciation, pledges receivable, grants payable, and the future maturities of notes payable. Accordingly, actual results could differ from those estimates.

e. Revenue and Support Recognition

Revenues and Support Recognition - The Organization derives its revenue and support primarily from programs administered and funded primarily through fees charged to Medicaid via the New Jersey Division of Developmental Disabilities ("DDD"), supplemented with contributions, other fee for service revenues, and cost reimbursement grants. Under ASC Topic 606, revenue is recognized when performance obligations to a customer are satisfied, and revenue is earned. The Organization also applies the guidance under ASC Topic 958 - *Non-Profit Entities* to recognize support received that is not subject to revenue recognition under ASC Topic 606.

Program Fees - Program fee revenue is recognized in accordance with ASC Topic 606, whereas the Organization has contracts with consumers to provide approved services (performance obligations) to the individual. The Organization recognizes revenue in the period in which obligations to provide services are satisfied. The contractual arrangements with consumers also involve a third-party payer (e.g., Medicaid or federal or state government agency) and the transaction price for the services provided are dependent upon the terms provided by the third-party payer. As services are provided to consumers, the Organization recognizes revenue, resulting in revenue recognized over time.

Note 3 - Summary of Significant Accounting Policies - Continued

e. Revenue and Support Recognition - Continued

Contributions and Support - Contributions and support that are received from a donor follow guidance under ASC 958 and are recognized as income at the time they are received unless the amount received is conditional. Unconditional contributions are recognized as revenue at the time received as an increase in net assets without donor restriction or as an increase in net assets with donor restriction. When a restriction expires, net assets with a donor restriction are reclassified to net assets without a donor restriction and reported in the statement of activities and change in net assets as net assets released from restrictions. If the restriction expires in the reporting period in which the support is recognized, then the contribution is recorded as an increase in net assets without donor restriction. When a contribution is conditional, the amount received is deferred and not recognized as revenue until the conditions are satisfied.

Cost Reimbursement Grant Revenue - Certain funding received from grant agencies may be cost reimbursement in nature. Grant agencies are not directly receiving commensurate value for the services provided to consumers; therefore, grant revenue follows recognition guidance under ASC Topic 958. Funds are required to be spent in accordance with the approved budget and allowable cost guidelines from the state and federal government, therefore, making the funding received a conditional contribution under ASC Topic 958 guidance. Support is recognized as income as conditions are met, such as costs are incurred, and services are provided to consumers. Grant dollars received in advance of conditions being met are recorded as a liability until earned. Funds not spent by the end of the contract period are recognized as refundable advances due back to the state of New Jersey on the statement of financial position. Funds received and not spent during the contract period are recognized as unearned grant income on the statement of financial position.

Medicaid revenues are recognized as services are performed and billed and included in program fees on the statement of activities and change in net assets. Laws and regulations governing the Medicaid program are complex and subject to interpretation. Medicaid revenues are subject to audit and retroactive adjustment by the respective third-party fiscal intermediaries. As a result, there is at least a reasonable possibility that recorded estimates could change. The Organization has established a policy to provide for a reserve in the event such an audit, if conducted, results in the Organization having to return funds. Total reserve as of June 30, 2024 was $450,000 and is reflected as a liability on the statement of financial position.

f. Allowance for Credit Losses

On July 1, 2023, the Organization adopted ASU 2016-13, *Financial Instruments - Credit Losses* ("Topic 326"). Financial assets, which potentially subject the Organization to credit losses, consist primarily of accounts receivable. Expected losses are recorded to an allowance for credit losses valuation account that is net against the corresponding asset to present the net amount expected to be collected on the financial asset. The credit loss allowance is determined through analysis of the financial assets and assessments of risk that are based on historical trends and evaluation of the impact of current and projected economic conditions.

Note 3 - Summary of Significant Accounting Policies - Continued

f. Allowance for Credit Losses - Continued

The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily results in new/enhanced disclosures only.

The Organization evaluated the collectability of its receivables and determines the appropriate reserve for doubtful accounts based on the length of time that the receivables are past due. There was no allowance for doubtful accounts on the Organization's accounts receivable at June 30, 2024.

g. Property and Equipment

Property and equipment purchases having a unit cost of $5,000 or more and an estimated useful life of more than one year are capitalized at cost, except for donated items which are recorded at the fair value on the date of donation if the amount exceeds $5,000. When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts. Maintenance, repairs, and minor renewals are charged to operations as incurred. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

Description	Estimated Life (Years)
Buildings	40
Building improvements	7 - 40
Leasehold improvements	15
Vehicles	5
Furniture and fixtures	7

h. Valuation of Long-Lived Assets

In accordance with the provisions of the accounting pronouncement on accounting for the impairment or disposal of long-lived assets, the Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no impairment was required for the period presented in these financial statements.

i. Functional Allocation of Expenses

The costs of providing program services and management and general expenses have been summarized on a functional basis based on a specific allocation method for charging expenses to each program or function that is consistent with the benefit derived by each program. Expenses incurred to directly carry out program activities are charged to the applicable programs on a specific identification basis. Expenses related to more than one function are generally charged to the programs and supporting services primarily based on time and effort.

Note 3 - Summary of Significant Accounting Policies - Continued

j. Leases

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization recognizes most leases on its balance sheet as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the income statement.

The Organization made an accounting policy election available not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, The Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Organization has made an accounting policy election to account for lease and nonlease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The nonlease components typically represent additional services transferred to The Organization, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

k. Subsequent Events

The Organization has evaluated subsequent events for potential recognition or disclosure through January 3, 2025, the date the financial statements were available to be issued.

Note 4 - Investments

The majority of the investments are held in Fidelity Investments and consist of money market accounts, mutual funds, and U.S. Treasury Bills. All investments are measured at fair value in the statement of financial position.

A small portion of the investments are held in pooled funds invested with the Jewish Community Foundation of MetroWest, Inc. and consist of a fixed income pool and an equity pool. As a participant in the pooled funds, the Organization's ownership interest is based on the allocation of the fair value of the Organization's units to the total fair value of the investment pools. The pools are revalued periodically, and income and gains or losses are allocated to the participants based on their units.

Donated investments are recorded at the fair value at the date of receipt. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in unrestricted net assets unless the income or loss is restricted by donor or law.

The following are descriptions of the investment strategies:

a. The Fixed Income Pool - It invests in short to intermediate term securities and attempts to provide a return that is superior to the Merrill Lynch 1 - 5-year Government/Corporate Index over a market cycle.

b. The Equity Pool - It attempts to provide a return that is superior to a blend of the S&P 500 and the MSCI EAFE over a market cycle.

c. Bonds, Exchange Traded Products, Mutual Funds, and Stocks - The Egan Fidelity Moderate Portfolio consists of a moderate mix of Fidelity exchange traded products, stock and bond mutual funds for some market exposure. The fair value of mutual funds is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

The Organization's investments at June 30, 2024 are summarized below:

	Cost	Fair Value
Fixed income pool	$ 88,609	$ 101,354
Equity pool	133,984	164,534
Bonds	390,080	399,496
Exchange traded products	803,173	859,816
Mutual funds	270,898	599,132
Stocks	1,343,692	1,483,695
	$ 3,030,436	$ 3,608,027

Note 4 - Investments - Continued

The annual rate of return on these investments, based on market value, was approximately 13.05% for the year ended June 30, 2024. Total gains and losses related to these investments are included with investment income in the statement of activities and change in net assets for the year ended June 30, 2024 and was comprised of the following:

Interest and dividend income	$ 128,553
Realized/unrealized losses on investments	325,088
	$ 453,641

Total net fees charged for the year ended June 30, 2024 were $25,539.

Note 5 - Fair Value Measurements

The *Fair Value Measurements and Disclosures* Topic of the FASB ASC establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities ("Level 1") and the lowest priority to unobservable inputs ("Level 3").

The three levels of the fair value hierarchy under the Topic are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; or
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the value methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value at June 30, 2024.

Note 5 - Fair Value Measurements - Continued

Pooled funds are valued at the net asset value (“NAV”) of shares held by the Organization at year end. In accordance with Subtopic 820-10, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of financial position.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of June 30, 2024:

	Total	Level 1	Level 2	Level 3
Investments measured at fair value				
Bonds	$ 399,496	$ 399,496	$ -	$ -
Exchange traded products	859,816	859,816	-	-
Mutual funds	599,132	599,132	-	-
Stocks	1,483,695	1,483,695	-	-
	3,342,139	$ 3,342,139	$ -	$ -
Investments measured at NAV				
Pooled funds				
Fixed income pool	101,354			
Equity pool	164,534			
	265,888			
Total investments at fair value	$ 3,608,027			

Note 6 - Property and Equipment

Property and equipment at June 30, 2024, consist of the following:

Land and building	$ 2,381,476
Building improvements	344,073
Vehicles	467,399
Furniture and fixtures	220,615
	3,413,563
Less accumulated depreciation	1,743,694
Net property and equipment	$ 1,669,869

Depreciation expense totaled $70,383 for the year ended June 30, 2024.

Note 7 - Related Party Transactions

Due from related party:

Amount represents advances to the entities under common control including JASN, JASN II, and Whippany JASN for funding of operating expenses. Advances totaling $26,162 are non-interest bearing.

JSDD allocates payroll expense to JSDD Foundation, Inc. quarterly based on employees' time and effort. For the year ended June 30, 2024, the Organization recognized $354,689 of revenue resulting from the allocation located within contributions and foundation grants on the statement of activities and changes in nets assets. As of June 30, 2024, the related party receivable resulting from payroll allocation was $95,694.

Due to related party:

At June 30, 2024, $26,819 is due to the Jewish Federation of Greater MetroWest New Jersey, Inc. ("JFGM"). JFGM provides for joint cost sharing of certain expenditures as well as participation in pension and benefit plans administered by JFGM.

Beginning in October 2021, the Organization rents office and program space from JSDD Foundation, Inc. on a month-to-month basis. Related party rent expense for the year ended June 30, 2024 was $112,500.

Note 8 - Line of Credit

On June 24, 2021, the Organization entered into a line of credit agreement with Provident Bank in the amount of $500,000, of which $0 was outstanding at June 30, 2024. The line of credit expires on May 28, 2025, and bears interest at a rate of the Wall Street Journal Prime Rate ("WSJP"), floating with a floor of 3.25%. The line of credit is secured by all of the Organization's real and personal property. Management plans to renew the line of credit.

Note 9 - Notes Payable

Notes payable at June 30, 2024 consists of the following:

NJHMFA mortgage payable, due June 30, 2037, bearing interest at 0%, with payments of 25% of the project's available cash flow after the payment of operating expenses and the funding of all escrows. The loan is secured by the Maplewood House. In the event that interest and principal are not covered by cash flow payments, the payment of principal and interest will be deferred until the end of the mortgage term.	$	159,567
NJHMFA mortgage payable, due March 2037, bearing interest at 0%, with payments of 25% of the project's available cash flow after the payment of operating expenses and the funding of all escrows. The loan is secured by the West Orange House. In the event that interest and principal are not covered by cash flow payments, the payment of principal and interest will be deferred until the end of the mortgage term.		317,709
JFGM note payable due November 15, 2042, with monthly payments of $2,282 including interest at 3.75% for the first ten years with the interest rate adjusting every five years thereafter. This unsecured promissory note was used to fund JSDD's pro-rata share of the unfunded defined benefit plan that was terminated in 2016.		350,575
		827,851
Less amount due within one year		14,301
Notes payable, net of current portion	$	813,550

The future maturities of notes payable are as follows for the years ending June 30:

2025	$	14,301
2026		14,855
2027		15,430
2028		15,995
2029		16,645
Thereafter		750,625
	$	827,851

Note 10 - Benefit Plans

The Organization participates in several multiple-employer employee benefit plans, which are administered by the JFGM.

Retirement Plan

The Organization participates in a multiple-employer defined contribution plan (the "Retirement Plan"), which is also administered by JFGM. The Retirement Plan became effective July 1, 2010 and covers substantially all employees of the Organization who have met the minimum eligibility requirements. Each year, the Organization may make a discretionary contribution to the Retirement Plan which is allocated pro-rata to eligible plan participants. The Retirement Plan is non-contributory, and employees become fully vested after six years of service. The contribution to the Retirement Plan for the year ended June 30, 2024 was $115,767.

Other Plans

Through JFGM, the Organization offers a pre-tax cafeteria payroll withholding plan to all full-time and part-time employees who work a minimum of 20 hours per week, on a pro-rata basis. These withholdings are allowed to cover health care expenses not covered under the medical plans, the employees' share of medical premiums, and dependent care expenses. All monies withheld and not utilized under the plan are forfeited.

The Organization also offers enrollment in a 403(b) tax-deferred annuity plan for employees, which allows employees to contribute, on a deferred tax basis up to a maximum allowed annual contribution.

Note 11 - Concentrations of Credit Risk

Financial investments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, investments, and receivables. At various times throughout the year, the Organization may be at risk for cash balances in excess of the Federal Deposit Insurance Corporation ("FDIC") insured amounts. Credit risk for the Organization's accounts receivable is minimal because the amounts are due primarily from governmental agencies.

Note 12 - Commitments and Contingencies

The Organization has entered into an agreement with the NJDHS-DDD for the acquisition and renovation of six group homes for the developmentally disabled. The agreements are accompanied by promissory notes and purchase money mortgages. No payments are required during the term of the notes provided that the homes remain available for occupancy by low- and moderate-income residents with disabilities.

Note 12 - Commitments and Contingencies - Continued

Commitments at June 30, 2024 were as follows:

Group Home	Date of Expiration	
Millburn	05/31/2008	$ 346,558
Caldwell	04/24/2020	286,825
Maplewood	07/28/2026	125,000
Parsippany	09/27/2027	46,870
Verona (43 Wedgewood)	02/08/2028	100,000
Whippany	06/04/2049	53,900
		$ 959,153

Upon expiration, the agreements may be renewed if both the NJDHS-DDD and the Organization desire such a renewal. If the agreements are not renewed, the Organization may be required to satisfy the mortgage and/or transfer title of such assets to the NJDHS-DDD or an entity designated by the NJDHS-DDD. The agreement for Caldwell expired on April 24, 2020. The renewal was filed in 2022; however, confirmation of the renewal was never received.

Currently there is a purchase money mortgage with NJDHS-DDD for the Millburn home which expired May 31, 2008 for $346,558. The renewal was filed May 13, 2011; however, confirmation of the renewal was never received. The home has continuously been occupied by low- and moderate-income residents with disabilities.

The Organization entered into agreements for capital advance funding with the U.S. Department of Housing and Urban Development ("HUD") for the purchase of homes for low-income residents with disabilities. Mortgages on the properties collateralize the balance, and no payments are required to be made provided the residences remain available for occupancy by low-income persons with disabilities for periods of up to 40 years.

Obligations at June 30, 2024 were as follows:

Group Home	Date of Expiration	
West Caldwell	09/11/2038	$ 400,300
Parsippany	07/01/2047	507,000
Whippany	07/01/2049	475,800
		$ 1,383,100

Note 12 - Commitments and Contingencies - Continued

The Organization has obligations with the County of Essex for the purchase of homes for low-income residents with disabilities. Mortgages on the properties collateralize the balances, and no payments are required to be made provided that the residence remains available for occupancy by low-income persons with disabilities for periods ranging from 20 to 99 years. There is no repayment owed unless the Organization ceases to use the property for residential housing for disabled adults. If a home is sold or its use is converted, the related mortgage would be due and payable to the County of Essex.

Obligations at June 30, 2024 were as follows:

Group Home	Date of Expiration	
Maplewood	10/23/2026	$ 250,000
Maplewood	06/26/2028	19,935
Livingston	06/26/2028	80,000
West Orange	02/11/2029	270,213
Verona (26 Wedgewood)	03/25/2040	112,750
Verona (43 Wedgewood)	04/29/2107	120,000
		$ 852,898

The Organization has obligations on the Whippany home, in addition to the obligations with HUD and the NJDHS-DDD, with the Township of Hanover, County of Morris, and Federal Home Loan Bank, as detailed below. Mortgages on the properties collateralize the balances, and no payments are required to be made provided the residences remain available for occupancy by low-income persons with disabilities for a period of up to 40 years.

Obligations at June 30, 2024 were as follows:

Group Home	Date of Expiration	
Federal Home Loan Bank	03/16/2025	$ 60,000
County of Morris	06/4/2029	75,000
Township of Hanover	03/16/2050	405,000
		$ 540,000

Note 13 - Liquidity and Availability

The following reflects the financial assets as of the balance sheet date, reduced by amounts not available for general use because of donor-imposed or board designations:

Financial assets, at year end	$ 4,756,842
Financial assets available to meet cash needs for general expenditures within one year	$ 4,756,842

Financial assets, at year end	
Cash and cash equivalents	$ 798,079
Investments	3,608,027
Accounts receivable	331,518
Employee retention credit receivable	19,218
	$ 4,756,842

If the need arises, the Organization has access to a $500,000 line of credit. From time to time, the Organization receives restricted donor contributions to be used for specific purposes and are not available for general use.

Note 14 - Employee Retention Credit ("ERC")

Under the provisions of the CARES Act signed into law on March 27, 2020 and the subsequent extension of the CARES Act, the Organization was eligible for a refundable ERC subject to certain criteria. The Organization recognized a $2,955,901 ERC during the fiscal year 2022 as income. As of June 30, 2024, $19,218 has not been collected and is included in employee retention credit receivable on the statement of financial position.

Note 15 - Leases

The Organization leases real estate under an operating lease agreement that has a remaining term of 29 years. The lease is connection with housing for consumers under the care of the Organization. The Organization's operating leases generally do not contain any material restrictive covenants or residual value guarantees. Operating lease cost is recognized on a straight-line basis over the lease term.

Supplemental balance sheet information related to leases were as follows:

Operating leases	
Operating lease right-of-use assets	$ 879,803
Operating lease liabilities, current	$ 16,953
Operating lease liabilities, non-current	862,165
Total operating lease liabilities	$ 879,118

Note 15 - Leases - Continued

Supplemental income statement information related to leases were as follows:

Operating lease cost	$ 51,000
Total lease cost	$ 51,000

Supplemental cash flow statement information related to leases were as follows:

Cash paid for amounts included in measurement of lease liabilities	
Operating cash outflows - payments on operating leases	$ 51,000
Right-of-use assets obtained in exchange for new lease obligations	
Operating leases	$ 896,013

Weighted average terms and discount rates were as follows:

Weighted-average remaining lease term	
Operating leases	28.70 years
Weighted-average discount rate	
Operating leases	3.92%

Future lease payments are as follows:

	Operating Leases
Future Lease Payments	
2024	$ 51,000
2025	51,000
2026	51,000
2027	51,000
2028	51,000
Thereafter	1,207,000
Total lease payments	1,462,000
Less imputed interest	(582,882)
Total present value of lease liabilities	$ 879,118