



## Independent Auditor's Report

Board of Trustees  
JSDD Foundation, Inc.  
Livingston, New Jersey

### Opinion

We have audited the financial statements of JSDD Foundation, Inc (the "Organization"), which comprise the statement of financial position as of June 30, 2024, the related statements of activities and changes 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 audit 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 JSDD Foundation, Inc'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.



Parsippany, New Jersey  
January 3, 2025

# JSDD Foundation, Inc.

## Statement of Financial Position

Year Ended June 30, 2024

### ASSETS

#### CURRENT ASSETS

Cash and cash equivalents	\$ 234,105	
Investments	820,399	
Pledges receivable, current portion, net	101,962	
Other receivables	1,923	
Total current assets		\$ 1,158,389

#### NON-CURRENT ASSETS

Property and equipment, net		7,523,260
Pledges receivable, net		24,812

#### TOTAL ASSETS

**\$ 8,706,461**

### LIABILITIES AND NET ASSETS

#### CURRENT LIABILITIES

Accounts payable	\$ 2,836	
Accrued expenses	29,200	
Due to related party	95,694	
Total current liabilities		\$ 127,730

#### NET ASSETS

Without donor restrictions	8,451,957	
With donor restrictions	126,774	
Total net assets		<u>8,578,731</u>

#### TOTAL LIABILITIES AND NET ASSETS

**\$ 8,706,461**

See Accompanying Notes to Financial Statements.

# JSDD Foundation, Inc.

## Statement of Activities and Changes in Net Assets

Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUES</b>			
Contributions	\$ 1,261,561	\$ -	\$ 1,261,561
Rental income	112,500	-	112,500
Net investment income	32,958	-	32,958
	<u>1,407,019</u>	<u>-</u>	<u>1,407,019</u>
Net assets released from restrictions due to satisfaction of time and purpose restrictions	205,493	(205,493)	-
Total support and revenues	<u>1,612,512</u>	<u>(205,493)</u>	<u>1,407,019</u>
<b>FUNCTIONAL EXPENSES</b>			
Program	344,621	-	344,621
General and administrative	163,023	-	163,023
Fundraising	158,116	-	158,116
Total functional expenses	<u>665,760</u>	<u>-</u>	<u>665,760</u>
<b>Change in net assets</b>	946,752	(205,493)	741,259
<b>NET ASSETS, <i>beginning of year</i></b>	<u>7,505,205</u>	<u>332,267</u>	<u>7,837,472</u>
<b>NET ASSETS, <i>end of year</i></b>	<u><b>\$ 8,451,957</b></u>	<u><b>\$ 126,774</b></u>	<u><b>\$ 8,578,731</b></u>

See Accompanying Notes to Financial Statements.

# JSDD Foundation, Inc.

## Statement of Functional Expenses

Year Ended June 30, 2024

	<b>Program</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 160,139	\$ 40,035	\$ 154,515	\$ 354,689
Consultants and professional fees	17,520	11,680	-	29,200
Occupancy	19,754	13,170	-	32,924
Repairs and maintenance	39,083	26,055	-	65,138
Telephone and communication	1,759	1,172	2,262	5,193
Office supplies, postage, and printing	1,041	694	1,339	3,074
	<u>239,296</u>	<u>92,806</u>	<u>158,116</u>	<u>490,218</u>
Depreciation	105,325	70,217	-	175,542
<b>Total functional expenses</b>	<b><u>\$ 344,621</u></b>	<b><u>\$ 163,023</u></b>	<b><u>\$ 158,116</u></b>	<b><u>\$ 665,760</u></b>

See Accompanying Notes to Financial Statements.

# JSDD Foundation, Inc.

## Statement of Cash Flows

Year Ended June 30, 2024

<b>CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
Change in net assets		\$ 741,259
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation	\$ 175,542	
Loss on sale of investments	27	
Unrealized gain on investments	(14,480)	
(Increase) decrease in assets		
Pledges receivable	205,493	
Other receivables	(1,923)	
Increase (decrease) in liabilities		
Accounts payable	2,236	
Due to related party	(247,982)	
	<u>118,913</u>	
Net cash flows provided by operating activities		<u>860,172</u>
<b>CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>		
Purchase of investments	(1,149,122)	
Proceeds from sale of investments	343,176	
Net cash flows used for investing activities		<u>(805,946)</u>
<b>Net increase in cash and cash equivalents</b>		<b>54,226</b>
<b>CASH AND CASH EQUIVALENTS, <i>beginning of year</i></b>		<u>179,879</u>
<b>CASH AND CASH EQUIVALENTS, <i>end of year</i></b>		<u><u>\$ 234,105</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for		
Interest		<u>\$ -</u>
Taxes		<u>\$ -</u>

See Accompanying Notes to Financial Statements.

# JSDD Foundation, Inc.

## Notes to Financial Statements

Year Ended June 30, 2024

### Note 1 - Nature of Activities

JSDD Foundation, Inc. (the "Foundation" or "Organization") was established as a New Jersey not-for-profit corporation in May 2018. The Foundation was established as a fundraising organization to help support the Jewish Service for the Developmentally Disabled of MetroWest, Inc.'s ("JSDD") mission of housing individuals with developmental disabilities and to operate the JSDD WAE (Wellness, Arts and Enrichment) Center. The Foundation conducted a capital campaign to construct a facility to house both the WAE Center and JSDD administration offices. In September 2021, the new facility was placed into service. With the completion of the capital campaign, the Foundation now serves as the vehicle for holding the agency's endowment campaign donations and serves as the ownership entity for the building.

### Note 2 - Summary of Significant Accounting Policies

#### *a. Basis of Presentation*

The financial statements of the Foundation 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 Foundation 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 assets 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 Foundation are either without donor restrictions or restricted by the donor for a particular purpose. Net assets with donor restrictions represent contributions to the Foundation 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 Foundation itself does not constitute a basis for reclassifying them as net assets with donor restrictions.

Amounts generally described as restricted cash and restricted cash equivalents are 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. The Foundation has no restricted cash at the beginning or end of year.

The Foundation uses specific criteria when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. If a transaction is considered an exchange transaction, it is accounted for under the applicable revenue recognition standards. If the transaction is a contribution, it is accounted for under *Not-for-Profit Entities* ("Topic 958"), the standards applicable to contributions.

#### *b. Cash and Cash Equivalents*

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

# JSDD Foundation, Inc.

## Notes to Financial Statements

Year Ended June 30, 2024

### Note 2 - Summary of Significant Accounting Policies - Continued

#### *c. 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 pledges receivable and contributions, and the future collections of pledges. Accordingly, actual results could differ from the estimates.

#### *d. Revenue and Support Recognition*

The Foundation records contributions as net assets with or without donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributions - Contributions and support that is received from a donor follow guidance under ASC 958 and are recognized as income at the time it is 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 donor restriction and reported in the statement of activities and changes 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.

The allowance method is used to determine uncollectible pledges receivable. The allowance is based upon management's analysis of specific promises made and the likelihood of the pledge being honored. At June 30, 2024, there was a \$20,000 allowance for doubtful pledges receivable, net.

Rental income - In accordance with ASC 842, rental income is recognized monthly when rent is due. See note 10 for additional information on rental income.

#### *e. Pledges Receivable*

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 fair value, which is measured as the present value of their 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. Rates used range between 4.7% to 5.1%. Amortization of the discounts are recorded as adjustments in contribution revenue. Conditional promises to give are not included as support until the conditions are met.



# JSDD Foundation, Inc.

## Notes to Financial Statements

Year Ended June 30, 2024

### Note 2 - Summary of Significant Accounting Policies - Continued

#### *f. 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. See Note 6 for additional information on property and equipment.

<u>Description</u>	<u>Estimated Life (Years)</u>
Buildings	40
Building Improvements	7 - 40

#### *g. 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.

#### *h. Functional Allocation of Expenses*

Program, management and general, and fundraising expenses have been summarized on a functional basis. Costs associated with the building are allocated based on square footage of the facility being used for programmatic activities and supporting services. Other costs such as payroll which relate to more than one function are allocated based on time and effort. Costs associated with fundraising activities are allocated directly to fundraising.

#### *i. Income Taxes*

JSDD Foundation, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the statement of activities and changes in net assets. Based on the evaluations of the Foundation's tax positions, the Foundation believes all positions taken would more likely than not be realized. There are no uncertain tax positions that have been recorded by the Foundation, and there are no open years subject to examination prior to June 30, 2020, its initial filing year. In addition, there are no income tax penalties or interest for the period reported in these financial statements.

#### *j. Subsequent Events*

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

# JSDD Foundation, Inc.

## Notes to Financial Statements

Year Ended June 30, 2024

### Note 3 - Pledges Receivable

Included in pledges receivable are the following unconditional promises to give:

Capital campaign pledges	<u>\$ 169,295</u>
Pledges receivable before unamortized discount	\$ 169,295
Less allowance for doubtful pledges	(20,000)
Less unamortized discount	<u>(22,521)</u>
Net pledges receivable	<u>\$ 126,774</u>
Amounts due in	
Less than one year	\$ 101,962
One to five years	<u>24,812</u>
Total	<u>\$ 126,774</u>

### Note 4 - Investments

The Organization's 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.

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 is a description of the investment strategy:

- a. Bonds, Exchange Traded Funds, Fixed Income, and Mutual Funds - The Egan Fidelity Moderate Portfolio consists of a moderate mix of Fidelity exchange traded products, fixed income 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.

# JSDD Foundation, Inc.

## Notes to Financial Statements

Year Ended June 30, 2024

### Note 4 - Investments - Continued

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

	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ 209,059	\$ 209,059
Exchange traded funds	451,871	463,579
Fixed income	60,020	61,154
Bonds	85,866	86,607
	<u>\$ 806,816</u>	<u>\$ 820,399</u>

The annual rate of return on these investments, based on market value, was approximately 2.27% for the year ended June 30, 2024. Total gain 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	\$ 18,505
Realized/unrealized gains on investments	<u>14,453</u>
	<u>\$ 32,958</u>

Total net fees charged for the year ended June 30, 2024 were \$11.

### 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.

# JSDD Foundation, Inc.

## Notes to Financial Statements

Year Ended June 30, 2024

### Note 5 - Fair Value Measurements - Continued

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 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				
Mutual funds	\$ 209,059	\$ 209,059	\$ -	\$ -
Exchange traded funds	\$ 463,579	463,579	-	-
Fixed income	\$ 61,154	61,154	-	-
Bonds	\$ 86,607	86,607	-	-
	<u>\$ 820,399</u>	<u>\$ 820,399</u>	<u>\$ -</u>	<u>\$ -</u>

### Note 6 - Property and Equipment

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

Land	\$ 1,180,324
Building and improvements	6,818,118
	<u>7,998,442</u>
Less accumulated depreciation	475,182
Net property and equipment	<u>\$ 7,523,260</u>

Depreciation expense totaled \$175,542 for the year ended June 30, 2024.

### Note 7 - Net Assets with Donor Restrictions

At June 30, 2024, the Foundation has net assets with donor restrictions of \$126,774 pertaining to capital campaign funds pledged to the Foundation to be used for all operating, development, administrative, and construction costs associated with the new facility.

# JSDD Foundation, Inc.

## Notes to Financial Statements

Year Ended June 30, 2024

### Note 8 - Liquidity and Availability

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

Financial assets, at year end	\$ 1,158,389
Less unavailable for general expenditures within one year, due to current capital campaign net assets with donor restrictions	<u>(101,962)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,056,427</u>
Financial assets, at year end	
Cash	\$ 234,105
Pledge receivables, current portion	101,962
Investments	820,399
Other receivable	<u>1,923</u>
	<u>\$ 1,158,389</u>

### Note 9 - Concentrations of Credit Risk

Financial investments which potentially subject the Foundation to concentrations of credit risk consist of cash and cash equivalents and investments. At various times throughout the year, the Foundation may be at risk for cash balances in excess of federally insured amounts.

For the year ended June, 30, 2024, two donors represented 93% of contributions. As of June 30, 2024, 76% of pledges receivable were due from four donors.

### Note 10 - Related Party Transactions

The Foundation leases the facility to JSDD, a related party through common control. The lease is a month-to-month lease. Total lease income for the year ended June 30, 2024 was \$112,500.

The Foundation's payroll expense is allocated quarterly from JSDD based on employees' time and effort. For the year ended June 30, 2024, payroll expense was \$354,689. As of June 30, 2024, the related party payable resulting from payroll expense was \$95,694.