



**FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

HEBREW COLLEGE

Contents
June 30, 2025 and 2024

	<u>Pages</u>
Independent Auditor's Report	1 - 1A
Financial Statements:	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Cash Flows	4
Statements of Functional Expenses	5 - 6
Notes to Financial Statements	7 - 18



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Independent Auditor's Report

To the Board of Trustees of
Hebrew College:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hebrew College (a Massachusetts corporation, not for profit) (the College) which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Hebrew College as of June 30, 2025 and 2024, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College 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 the 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, which raise substantial doubt about the College's ability to continue as a going concern within one year after the date that the financial statements are 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 College'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 College'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.

AAFCPA, Inc.

Boston, Massachusetts
December 4, 2025

HEBREW COLLEGE

Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue:						
Tuition	\$ 2,604,206	\$ -	\$ 2,604,206	\$ 2,446,236	\$ -	\$ 2,446,236
Participant fees	1,854,166	-	1,854,166	1,666,805	-	1,666,805
Less - scholarships and grants	(1,368,819)	-	(1,368,819)	(1,190,954)	-	(1,190,954)
Tuition and fees, net	3,089,553	-	3,089,553	2,922,087	-	2,922,087
Contributions	2,450,776	824,770	3,275,546	2,060,278	259,765	2,320,043
Grants	1,979,538	342,354	2,321,892	1,716,423	151,273	1,867,696
Consulting and other income	369,741	-	369,741	377,827	-	377,827
Facilities rental	256,132	-	256,132	212,815	-	212,815
Investment return designated for current operations	165,991	-	165,991	156,142	-	156,142
Net assets released from restrictions:						
Time restrictions	-	-	-	65,558	(65,558)	-
Purpose restrictions	400,403	(400,403)	-	573,821	(573,821)	-
Total operating revenue	8,712,134	766,721	9,478,855	8,084,951	(228,341)	7,856,610
Operating Expenses:						
Instruction	5,734,161	-	5,734,161	5,541,699	-	5,541,699
Academic support	481,348	-	481,348	497,646	-	497,646
Student services	288,518	-	288,518	306,046	-	306,046
Institutional support	1,976,572	-	1,976,572	1,812,822	-	1,812,822
Development	459,151	-	459,151	503,374	-	503,374
Total operating expenses	8,935,750	-	8,935,750	8,661,587	-	8,661,587
Changes in net assets from operations	(227,616)	766,721	539,105	(576,636)	(228,341)	(804,977)
Non-Operating Activities:						
Investment return, net	-	643,178	643,178	-	397,750	397,750
Capital contributions	374,803	-	374,803	1,014,156	200,001	1,214,157
Endowment contributions	-	70,165	70,165	-	25,180	25,180
Net assets released from capital restrictions	381,015	(381,015)	-	407,699	(407,699)	-
Rescinded grant	-	(165,991)	(165,991)	-	(646,975)	(646,975)
Investment return designated for current operations	755,818	166,337	922,155	1,421,855	(156,142)	(156,142)
Total net non-operating activities	528,202	933,058	1,461,260	845,219	(587,885)	833,970
Changes in net assets	9,863,576	8,126,255	17,989,831	9,018,357	8,942,481	17,960,838
Net Assets:						
Beginning of year	\$ 10,391,778	\$ 9,059,313	\$ 19,451,091	\$ 9,863,576	\$ 8,126,255	\$ 17,989,831
End of year						

The accompanying notes are an integral part of these statements.

HEBREW COLLEGE

Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 1,461,260	\$ 28,993
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	481,493	464,167
Bad debt	946	-
Change in discount on pledges receivable	14,238	(11,138)
Endowment contributions	(70,165)	(25,180)
Capital contributions	(374,803)	(1,214,157)
Realized and unrealized gains	(643,178)	(397,833)
Changes in operating assets and liabilities:		
Accounts receivable	(62,913)	451
Pledges and grants receivable	(224,814)	1,833,030
Prepaid expenses and other	96,864	15,150
Annuity payable	(35,000)	(35,000)
Accounts payable	(67,876)	(478,351)
Accrued expenses	172,901	314,849
Deferred revenue	25,280	117,606
Net cash provided by operating activities	<u>774,233</u>	<u>612,587</u>
Cash Flows from Investing Activities:		
Proceeds from the sale of investments	165,991	401,706
Mortgage receivable principal collected	-	400,000
Property and equipment additions	(167,317)	(767,422)
Purchase of investments	(170,025)	(271,796)
Net cash used in investing activities	<u>(171,351)</u>	<u>(237,512)</u>
Cash Flows from Financing Activities:		
Payment on line of credit	(725,000)	(100,000)
Endowment contributions	70,165	25,180
Capital contributions	374,803	367,957
Payments on accrued settlement costs	(50,405)	(50,406)
Principal payments on long-term debt	(174,400)	(1,074,400)
Net cash used in financing activities	<u>(504,837)</u>	<u>(831,669)</u>
Net Change in Cash	98,045	(456,594)
Cash:		
Beginning of year	<u>2,226,191</u>	<u>2,682,785</u>
End of year	<u>\$ 2,324,236</u>	<u>\$ 2,226,191</u>
Supplemental Disclosure of Non-Cash Transactions:		
Unrealized gains on investments	<u>\$ 427,549</u>	<u>\$ 321,054</u>
Cash paid for interest	<u>\$ 31,261</u>	<u>\$ 45,461</u>

The accompanying notes are an integral part of these statements.

HEBREW COLLEGE

Statement of Functional Expenses
 For the Year Ended June 30, 2025
 (With Comparative Totals for the Year Ended June 30, 2024)

	2025					2024	
	Instruction	Program			Development	Total	Total
		Academic Support	Student Services	Total Program			
Personnel and Related:							
Salaries and wages	\$ 3,156,119	\$ 218,390	\$ 163,230	\$ 3,537,739	\$ 838,082	\$ 325,680	\$ 4,796,312
Payroll taxes and benefits	342,245	19,785	21,849	383,879	138,748	28,672	561,004
Total personnel and related	3,498,364	238,175	185,079	3,921,618	976,830	354,352	5,357,316
Occupancy:							
Utilities	3,119	32,004	-	35,123	216,735	-	181,815
Facilities maintenance and repairs	525	-	38	563	96,535	-	105,914
Interest	25,009	1,563	1,563	28,135	1,563	1,563	45,461
Security	480	9,463	1,463	11,406	13,725	675	10,081
Total occupancy	29,133	43,030	3,064	75,227	328,558	2,238	343,271
Other:							
Curriculum	1,065,904	500	18,730	1,085,134	4,624	5,936	985,115
Professional services	553,828	750	29,665	584,243	343,312	58,614	830,204
Depreciation	385,194	24,075	24,075	433,344	24,074	24,075	464,167
Office expenses	153,332	183	26,855	180,370	21,498	3,543	140,516
Equipment and software	6,003	139,184	1,050	146,237	37,297	-	215,799
Corporate	4,542	2,197	-	6,739	139,270	1,000	148,149
Marketing and promotions	35,205	-	-	35,205	93,606	7,604	134,419
Library	368	33,254	-	33,622	-	-	33,423
Travel and meetings	2,288	-	-	2,288	6,557	1,789	9,208
Bad debt	-	-	-	-	946	-	-
Total other	2,206,664	200,143	100,375	2,507,182	671,184	102,561	2,961,000
Total expenses	\$ 5,734,161	\$ 481,348	\$ 288,518	\$ 6,504,027	\$ 1,976,572	\$ 459,151	\$ 8,661,587

The accompanying notes are an integral part of these statements.

HEBREW COLLEGE

Statement of Functional Expenses
For the Year Ended June 30, 2024

	Program					Total
	Instruction	Academic Support	Student Services	Institutional Support	Development	
Personnel and Related:						
Salaries and wages	\$ 3,112,787	\$ 221,618	\$ 193,599	\$ 908,206	\$ 360,102	\$ 4,796,312
Payroll taxes and benefits	355,016	19,169	23,559	134,022	29,238	561,004
Total personnel and related	3,467,803	240,787	217,158	1,042,228	389,340	5,357,316
Occupancy:						
Utilities	2,409	30,210	-	149,196	-	181,815
Facilities maintenance and repairs	5,511	-	-	98,252	2,151	105,914
Interest	36,369	2,273	2,273	2,273	2,273	45,461
Security	-	3,423	-	6,658	-	10,081
Total occupancy	44,289	35,906	2,273	256,379	4,424	343,271
Other:						
Curriculum	958,352	-	17,267	3,762	5,734	985,115
Professional services	538,771	1,200	22,466	205,995	61,772	830,204
Depreciation	371,335	23,208	23,208	23,208	23,208	464,167
Office expenses	90,544	592	23,674	21,603	4,103	140,516
Equipment and software	8,239	161,474	-	46,086	-	215,799
Corporate	19,199	1,477	-	123,398	4,075	148,149
Marketing and promotions	41,990	-	-	83,863	8,566	134,419
Library	421	33,002	-	-	-	33,423
Travel and meetings	756	-	-	6,300	2,152	9,208
Total other	2,029,607	220,953	86,615	514,215	109,610	2,961,000
Total expenses	\$ 5,541,699	\$ 497,646	\$ 306,046	\$ 1,812,822	\$ 503,374	\$ 8,661,587

The accompanying notes are an integral part of these statements.

HEBREW COLLEGE

Notes to Financial Statements
June 30, 2025 and 2024

1. OPERATIONS AND NONPROFIT STATUS

Hebrew College (the College) is a private, Massachusetts nonprofit corporation established in 1921. The College is an accredited, nonsectarian institution of Judaic studies. The College has programs in graduate and undergraduate studies, high school, Hebrew language, adult studies, and cultural events. The College is a constituent agency of the Combined Jewish Philanthropies of Greater Boston, Inc. (CJP) and is accredited by the 'New England Commission of Higher Education' (NECHE). The most recent comprehensive review by NECHE took place in February 2024 and the next review is scheduled for the Fall of 2028.

The College is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The College is also exempt from state income taxes. Donors may deduct contributions made to the College within IRC requirements.

2. SIGNIFICANT ACCOUNTING POLICIES

The College prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the Accounting Standards Codification (ASC).

Estimates

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

Cash

The College considers all highly liquid investments with an initial maturity of three months or less to be cash.

Revenue Recognition

The College generally measures revenue for qualifying exchange transactions based on the amount of consideration the College expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the College satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The College evaluates its revenue contracts with customers based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

The College recognizes revenue from student tuition and fees during the year in which the related services are provided to students. The performance obligation of delivering educational services is satisfied through academic instruction delivered continually throughout the academic year; therefore, the revenue is recognized ratably over the course of the academic year. All amounts received prior to the commencement of the academic year, including enrollment deposits, are deferred to the applicable period. Scholarships provided to students are recorded as a reduction from the posted tuition and room and board rates at the time revenue is recognized. Fees and deposits received in advance of services provided are recorded as deferred revenue.

HEBREW COLLEGE

Notes to Financial Statements
June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Participation fees are derived from multiple Community Education Programs, all recognized in accordance with Topic 606, where the performance obligation is delivery of each program. Participation fees generated from Adult Learning, Teen Learning, and Professional Development Programs are recognized by the college during the year in which the related services are provided to participants. The College receives reimbursement for overhead incurred as part of delivery of the Bishvil Ha-Ivrit Program (the Program). Reimbursement is set by the Program and has not been allocated as the Program is considered to be a single performance obligation.

Consulting revenue consists of fees to deliver the Program. The College recognizes fees during the year in which related services are provided. The performance obligation of providing the Program is satisfied continually over the academic year; therefore, the revenue is recognized ratably over the course of the academic year. Any amounts received prior to the academic year are deferred to the applicable period.

Accounts receivable and deferred revenue under Topic 606 as of July 1, 2023, totaled \$52,930 and \$247,068, respectively.

The College occasionally leases certain facilities for events. Facility rental income is recognized when the events occur.

In accordance with ASC Subtopic 958-605, *Revenue Recognition*, the College must determine whether a grant or contribution (or a promise) is conditional or unconditional for transactions deemed to be a grant or contribution. A contribution is considered to be conditional if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the College should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met. See Note 15 for disclosure of the College's conditional grant at June 30, 2025 and 2024.

Grants and contributions are recorded as revenue when unconditionally received or pledged. Grants and contributions with donor restrictions are recorded as revenue with donor restrictions and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as costs are incurred or time restrictions or program restrictions have lapsed.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are stated at the amount the College expects to collect from outstanding balances. The allowance for credit losses is management's best estimate of the amount of probable credit losses in accounts receivable. The allowance is based upon specific identification of probable losses and an estimate of additional losses based on management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the College. Past due balances over 90 days and other higher risk amounts are reviewed individually for collectability. Account balances are charged off against the allowance when it is probable the receivable will not be recovered.

The College writes off receivables when there is information that indicates the family/student is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized as income in the year the recovery is realized.

HEBREW COLLEGE

Notes to Financial Statements
June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are allocated to programs based upon management's estimate of the percentage attributable to each function.

The financial statements contain certain categories of expenses that are attributable to program and supporting functions and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee benefits, payroll taxes, occupancy, and depreciation, which are allocated based on an estimate of time and level of effort spent on the College's program and supporting functions.

Net Assets

The net assets of the College consist of the following:

Net Assets Without Donor Restrictions represent those net resources that bear no external restrictions and are generally available for use by the College.

Net Assets With Donor Restrictions represent amounts received or committed with donor restrictions which have not yet been expended for their designated purpose (purpose restricted), amounts for use in future periods (time restricted), and amounts received from donors with the stipulation that the principal will be held in perpetuity and only the investment income can be spent. In accordance with Massachusetts law, all earnings and appreciation of a donor restricted endowment are restricted until appropriated by the Board of Trustees.

Net assets with donor restrictions are restricted as follows at June 30:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specific purpose:		
Endowment remediation	\$ 500,000	\$ -
Instructors, fellowships, conferences and other programs	341,028	54,966
Capital projects	249,879	645,132
Graduate studies: Rabbinical/Cantorial Miller Center	151,560	214,418
RUACH	146,803	59,384
Scholarships	108,934	77,131
	<u>35,000</u>	<u>96,467</u>
	<u>1,533,204</u>	<u>1,147,498</u>
Subject to the College's endowment spending policy and appropriation:		
Investment in perpetuity	7,064,572	6,994,407
Accumulated appreciation (depreciation)	461,537	(15,650)
	<u>7,526,109</u>	<u>6,978,757</u>
Total net assets with donor restrictions	<u>\$ 9,059,313</u>	<u>\$ 8,126,255</u>

HEBREW COLLEGE

Notes to Financial Statements
June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

A reconciliation of endowment activity for fiscal years 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>
Endowment net assets , beginning of year	\$ 6,978,757	\$ 6,711,969
Investment return, net	643,178	397,750
Contributions	70,165	25,180
Appropriation of endowment net assets for current operations	<u>(165,991)</u>	<u>(156,142)</u>
Endowment net assets , end of year	<u>\$ 7,526,109</u>	<u>\$ 6,978,757</u>

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds intended for perpetual duration may fall below the original gift value. The deficiencies result from unfavorable market conditions and continued appropriation for expenditure in accordance with donor intentions and the spending policies that were deemed prudent by the Board of Trustees. The College is guided by Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA) in establishing spending rates. The College appropriated \$165,991 and \$156,142 of net assets to be used for operations in accordance with its investment spending policy for the years ended June 30, 2025 and 2024, respectively.

Investment Return Objectives and Risk Parameters

The investment portfolio is managed to provide for the long-term support of the College. Accordingly, these funds are managed with disciplined longer-term investment objectives and strategies designed to meet cash flow and spending requirements. Management of the assets is designed to attain the maximum total return consistent with acceptable and agreed upon levels of risk. The College benchmarks its portfolio performance against a number of commonly used indices.

Investment Spending Policy

Massachusetts law allows appropriation of a donor-restricted endowment based on the prudent practices of the Board of Trustees. The Board of Trustees has voted to allow for the use of a portion of total investment return for operations each year up to 5% of the previous twelve quarter average of the investment balance at quarter end. Additional appropriation is allowed at the discretion of the Board of Trustees. Transfers to net assets without donor restrictions, in accordance with this policy, are reflected in the accompanying statements of activities and changes in net assets as investment return designated for current operations.

Advertising Costs

The College expenses advertising costs as incurred. Total advertising costs for the years ended June 30, 2025 and 2024, were \$54,266 and \$65,242, respectively, and are included in marketing and promotions in the accompanying statements of functional expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment and Depreciation

Purchased property and equipment are recorded at cost. Renewals and betterments are capitalized, while repairs and maintenance are expensed as incurred. Donated property and equipment are recorded at fair value at the time of donation.

Depreciation is computed using the straight-line method and the half-year convention for additions over the following estimated useful lives:

Building	40 years
Condo ownership	40 years
Furniture, fixtures and equipment	3 - 7 years
Data equipment and software	3 - 5 years

The College accounts for the carrying value of its property and equipment in accordance with ASC Topic, *Impairment or Disposal of Long-Lived Assets*. Under this standard, an impairment loss is recognized when the carrying amount of long-lived assets exceeds its fair value. There were no impairment losses recorded in fiscal year 2025 or 2024.

Fair Value Measurements

The College follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the College would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The College uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the College. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

HEBREW COLLEGE

Notes to Financial Statements
June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Investments

The majority of the College's investments are held in the Jewish Community Endowment Pool (JCEP), a limited partnership under the managerial control of CJP (see Note 1). Investment return consists of interest, dividends, and realized and unrealized gains and losses on investments. Interest and dividend income is recorded as earned. Realized gains and losses on investment transactions are recognized as changes in net assets in the period in which they occur.

Investments are recorded in the financial statements at fair value. If an investment is directly held by the College and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Reported fair values of shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year.

The College's interests in the JCEP limited partnership are reported at the net asset value (NAV) reported by the fund manager, which is used as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2025 and 2024, the College had no plans to sell investments at amounts different from NAV.

A summary of inputs used in valuing the College's investments as of June 30, 2025 and 2024, is included in Note 4.

Collections

The College does not capitalize collections which have been acquired through purchase or donation. Purchases of collections are expensed in the year in which the items are acquired.

Income Taxes

The College accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The College has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2025 and 2024. The College's tax returns are subject to examination by Federal and state jurisdictions.

Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major or central to the provision of program services are reported as operating revenue and expenses in the accompanying statements of activities and changes in net assets. Non-operating activities include primarily endowment, capital and investment-related activity.

Subsequent Events

Subsequent events have been evaluated through December 4, 2025, which is the date the financial statements were available to be issued. There were no events that met the criteria for disclosure or recognition in the financial statements, other than that disclosed in Note 16.

HEBREW COLLEGE

Notes to Financial Statements
June 30, 2025 and 2024

3. RELATED PARTY TRANSACTIONS

The College has an outstanding loan from a member of the Board of Trustees as of June 30, 2025 and 2024 (see Note 7).

4. INVESTMENTS

Fair value measurement was determined using the following inputs at June 30:

<u>2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pooled investment fund*	\$ -	\$ -	\$ -	\$ 4,289,067
<u>2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pooled investment fund*	\$ -	\$ -	\$ -	\$ 3,641,855

* In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying statements of financial position.

Investments include primarily a donor restricted endowment. Accordingly, investments have been classified as non-current assets in the accompanying statements of financial position regardless of maturity or liquidity. Investments are not insured and are subject to ongoing market fluctuations.

The pooled investment fund consists of the following categories of assets as of June 30:

	<u>2025</u>	<u>2024</u>
Money market funds	3.2%	0.6%
Domestic equity	<u>3.1</u>	<u>2.9</u>
Subtotal	<u>6.3</u>	<u>3.5</u>
Alternative investments:		
Absolute return	38.6	40.2
International equity	19.9	19.9
Private equity/venture capital	11.0	10.1
Fixed income	9.8	12.6
Domestic equity	7.5	6.8
Credit related	3.7	3.4
Real assets	<u>3.2</u>	<u>3.5</u>
Total alternative investments	<u>93.7</u>	<u>96.5</u>
Total	<u>100.0%</u>	<u>100.0%</u>

HEBREW COLLEGE

Notes to Financial Statements
June 30, 2025 and 2024

5. PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable are recorded at their net present value when unconditionally committed. An allowance for potentially uncollectible pledges and grants receivable is recorded based upon management's assessment of potential defaults. There was no allowance deemed necessary as of June 30, 2025 or 2024. In fiscal year 2024, the College received notice by a donor of the inability to pay their pledge balance of \$646,975 and is shown as rescinded grant in the accompanying statements of activities and changes in net assets.

Pledges and grants receivable are due as follows as of June 30:

	<u>2025</u>	<u>2024</u>
Due in one year	\$ 410,013	\$ 348,200
Due in one to five years	651,000	468,000
Due in five to ten years	<u>10,000</u>	<u>29,999</u>
	1,071,013	846,199
Less - discount	<u>(29,159)</u>	<u>(14,921)</u>
	1,041,854	831,278
Less - current portion	<u>(410,013)</u>	<u>(348,200)</u>
Long-term pledges and grants receivable, net	<u>\$ 631,841</u>	<u>\$ 483,078</u>

The College discounted long-term pledges using a 2% discount rate at June 30, 2025 and 2024.

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Building	\$ 12,707,104	\$ 12,666,249
Condo Ownership	3,500,000	3,500,000
Furniture, fixtures and equipment	2,156,541	2,055,306
Data equipment and software	<u>1,338,517</u>	<u>1,313,290</u>
	19,702,162	19,534,845
Less - accumulated depreciation	<u>(4,198,195)</u>	<u>(3,716,702)</u>
Property and equipment, net	<u>\$ 15,503,967</u>	<u>\$ 15,818,143</u>

HEBREW COLLEGE

Notes to Financial Statements
June 30, 2025 and 2024

7. LONG-TERM DEBT

Long-term debt consists of the following at June 30:

	<u>2025</u>	<u>2024</u>
Capital reserve obligation to Temple Reyim. Beginning in November 2022, an annual back-up payment of \$50,000 is due on the capital reserve obligation held by Temple Reyim until such time as the investment account reaches and maintains a value of \$1,500,000, including earnings or the College makes thirty payments.	\$ 1,350,000	\$ 1,400,000
Non-interest-bearing \$1,000,000 note payable to a related party that is due in annual installments of \$100,000 through maturity of November 2030. The note is unsecured.	600,000	700,000
Non-interest-bearing note payable to CJP, due in annual installments of \$24,400 through December 2025. CJP may loan an additional \$111,000 under this agreement. In the event of any default in payment, CJP may declare the entire outstanding note balance due on demand with interest at 10%. The note is unsecured.	<u>24,355</u>	<u>48,755</u>
	1,974,355	2,148,755
Less - current portion	<u>(174,355)</u>	<u>(174,400)</u>
	<u>\$ 1,800,000</u>	<u>\$ 1,974,355</u>

Future principal payments over the next five years are as follows:

2026	\$ 174,355
2027	\$ 150,000
2028	\$ 150,000
2029	\$ 150,000
2030	\$ 150,000
Thereafter	\$ 1,200,000

The College owes a bond insurance company for fees related to a 2012 bond refinancing in the original amount of \$568,000. The College is required to make quarterly payments of approximately \$12,600 through July 1, 2028. The outstanding balances of this agreement (\$173,285 and \$223,690 at June 30, 2025 and 2024, respectively) is presented as accrued settlement costs in the accompanying statements of financial position.

8. LINE OF CREDIT

During fiscal year 2022, the College entered into a line of credit agreement with a bank with a maximum borrowing amount of the lower of \$4,000,000 or the borrowing base as outlined in the agreement. Interest on this line of credit is 3.5%. The line of credit matures in May 2026. The College must comply with non-financial covenants as outlined in the agreement.

The line of credit is secured by a pledge and security agreement and a deposit account pledge agreement. Total outstanding on this line of credit is \$475,000 and \$1,200,000 as of June 30, 2025 and 2024, respectively.

HEBREW COLLEGE

Notes to Financial Statements
June 30, 2025 and 2024

9. LEASES AS LESSOR

The College leases space to three nonprofit organizations under tenant-at-will agreements as of June 30, 2025 and 2024. These nonprofit organizations paid the College a total of approximately \$250,900 and \$208,333 during the fiscal years ended June 30, 2025 and 2024, respectively. The annual fees are included in facilities rental in the accompanying statements of activities and changes in net assets.

10. EMPLOYEE BENEFIT PLAN

The College has a discretionary employer contribution retirement plan under IRC Section 403(b) for qualified employees. Employees are eligible to participate upon hire. Employees contribute to the plan each year within the limits of the IRC, through salary reduction agreements. Only those employees who have completed six months of service are eligible to receive a portion of the employer's discretionary matching contribution, if any. Contributions vest upon attainment of normal retirement age of 65, upon retirement due to disability, upon death, or upon termination of the plan. The College did not contribute to this plan in fiscal years 2025 and 2024.

11. RETIREMENT AGREEMENT

The College has a retirement agreement with a former President of the College (former President). The retirement agreement outlines future retirement annuity payments to the former President, which began in fiscal year 2017, at \$2,917 per month. Fair value, which is measured using Level 3 inputs (life expectancy and present value factors using a 1.49% discount rate), was \$113,494 and \$148,494 as of June 30, 2025 and 2024, respectively, which is presented as annuity payable in the accompanying statements of financial position. Future payments under this agreement will be approximately \$35,000 per year.

A reconciliation of the agreement activity is as follows:

	<u>2025</u>	<u>2024</u>
Annuity payable, beginning of year	\$ 148,494	\$ 183,494
Payments made	<u>(35,000)</u>	<u>(35,000)</u>
Annuity payable, end of year	<u>\$ 113,494</u>	<u>\$ 148,494</u>

12. CONCENTRATIONS

Approximately 14% and 18% of total operating revenue for the years ended June 30, 2025 and 2024 respectively, is from CJP.

Approximately 78% and 83% of gross pledges and grants receivable at June 30, 2025 and 2024, respectively, are due from three and four donors, respectively.

HEBREW COLLEGE

Notes to Financial Statements
June 30, 2025 and 2024

13. DUE (TO)/FROM

Due (to)/from in the accompanying statements of financial position consists of:

- The Massachusetts Supreme Judicial Court, with the support and approval of the Attorney General of the Commonwealth of Massachusetts, has authorized the College to borrow up to \$2,900,000 of net assets with donor restrictions and/or appreciation on these net assets with donor restrictions for operating purposes. As of June 30, 2025 and 2024, the College had borrowed \$2,900,000 under this agreement.
- A \$250,000 contribution made in 2005, which was recorded as net assets without donor restrictions, was actually net assets with donor restrictions. During fiscal year 2025, a \$100,000 remediation payment was made against this portion of the due (to)/from balance reducing the balance with and without donor restrictions.

14. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for use by the College within one year from the statements of financial position date are as follows as of June 30:

	<u>2025</u>	<u>2024</u>
Cash	\$ 2,324,236	\$ 2,226,191
Accounts receivable, net	114,446	52,479
Current portion of pledges and grants receivable	<u>410,013</u>	<u>348,200</u>
	2,848,695	2,626,870
Less - pledges and grants with purpose restrictions	(367,764)	(251,736)
Less - cash with purpose restrictions	<u>(720,641)</u>	<u>(503,122)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,760,290</u>	<u>\$ 1,872,012</u>

As part of the College's liquidity management, the College has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. As of June 30, 2025 and 2024, the College has financial assets equal to approximately two months of operating expenses. Additionally, the College has available borrowings of \$3,525,000 and \$2,800,000 under a line of credit agreement as of June 30, 2025 and 2024, respectively (see Note 8).

15. CONDITIONAL GRANT

During fiscal year 2021, the College received a four-year \$500,000 conditional grant for the capital campaign. The donor reserved the right to stop payment at any point over the next three years. During fiscal years 2025 and 2024, the College received and recognized \$58,000 and \$100,000, respectively, of the donation. There was no remaining balance of the conditional grant as of June 30, 2025.

HEBREW COLLEGE

Notes to Financial Statements
June 30, 2025 and 2024

16. FISCAL SPONSORSHIP

During December 2023, the College entered into a fiscal sponsor agreement with an unrelated nonprofit organization. The College provides bookkeeping and contribution receipt services for a fee of \$2,000 a month.

The activities of the fiscal sponsorship are as follows as of June 30:

	<u>2025</u>	<u>2024</u>
Net Assets , beginning of year	\$ 77,131	\$ -
Contributions	390,575	273,045
Expenditures	<u>(358,772)</u>	<u>(195,914)</u>
Net Assets , end of year	<u>\$ 108,934</u>	<u>\$ 77,131</u>

In connection with this fiscal sponsorship agreement, the College leased space to the nonprofit at a rate of \$8,333 per month through November 30, 2026 (see Note 9). The fiscal sponsorship agreement was terminated effective September 30, 2025.